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STATE OF CALIFORNIA
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD
MARKET DEVELOPMENT COMMITTEE
SPECIAL WORKSHOP

JOE SERNA JR., CAL EPA BUILDING
SIERRA HEARING ROOM
1001 I STREET, SECOND FLOOR
SACRAMENTO, CALIFORNIA

WEDNESDAY, SEPTEMBER 25, 2002

9:37 A.M.

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

A P P E A R A N C E S

COMMITTEE MEMBERS PRESENT:

STEVEN R. JONES, CHAIR

DAN EATON

MICHAEL PAPARIAN

BOARD MEMBERS PRESENT:

SAL CANNELLA

ALSO PRESENT:

JEANNINE BAKULICH, Committee Secretary

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COMMITTEE CHAIR JONES: We're going to start this special, special waste committee meeting on RMDZ zones and loans. We're lucky, we've got Mr. Cannella and Mr. Paparian, Mr. Eaton is going to be here and myself, the other two Board members have been notified, and I know that everybody had stuff on the schedule.

A couple of our members are going to have to leave early because they've got other commitments, they've got meetings that they're going to go to, but they're going to be able to stay here as long as they can.

Just a couple of things. We thought this was important enough to make it a special committee meeting. We'd like everybody to, if you can, turn off your cell phones and pagers so that we don't have that ringing.

There are speaker slips in the back of the room if somebody wants to speak other than those that are designated to speak today.

And we're going to, we'll end up ex-parteing this event. There's going to be a Power Point presentation. There's handouts available on the back table.

We do appreciate the time that the zone

1 administrators have put into both their local
2 jurisdictions to promote these programs and to potential
3 businesses that can take advantage of it.

4 This is an important program for the Board. We
5 have some very underserved communities in the state. A
6 lot of communities that have really taken advantage of
7 this program.

8 Most of you know we're working on leveraging
9 options at the Board to try to figure out how to keep
10 dollars going into this, because we have a very strapped
11 general fund or our fund, our IWMA fund.

12 You know, we understand that the ZA's want to
13 work collaboratively with the Board, and I think the ZA
14 conferences that are held every three to four months are
15 very, very beneficial, I spent time with every one of
16 'em. I know all the other members have had a chance to
17 spend time.

18 And, you know, we've got to achieve our goals,
19 and we've got to stay true to our strategic plan. And,
20 you know, I think everybody acknowledges that if we
21 don't have markets to take the material that's
22 collected, this is a exercise in futility.

23 So your job is incredibly important because if
24 people aren't buying recycled they ain't recycling, I
25 mean pure and simple.

1 So with that, I'm going to turn it over to
2 Steve Lautze who is going to run this. I don't know if
3 we need a, do we need it?

4 Why don't we just for the heck of it do a
5 roll.

6 COMMITTEE SECRETARY BAKULICH: Cannella?

7 BOARD MEMBER CANNELLA: Present.

8 COMMITTEE SECRETARY BAKULICH: Eaton?

9 COMMITTEE MEMBER EATON: Locked in.

10 COMMITTEE SECRETARY BAKULICH: Paparian?

11 COMMITTEE MEMBER PAPARIAN: Here.

12 COMMITTEE SECRETARY BAKULICH: Jones.

13 COMMITTEE CHAIR JONES: Here. Thank you.

14 MR LAUTZE: Okay. Yes, good morning, Mr.

15 Jones and committee members. And a particular hello to
16 Board member Cannella since you are new on the Board and
17 to the Waste Board staff.

18 I am Steve Lautze, the zone administrator from
19 Oakland Berkeley, the Oakland Berkeley zone, and the new
20 president of the California Association of Recycling
21 Market Development Zones, that's a big mouthful, CARMDZ.

22 We greatly appreciate this opportunity to
23 examine the past, present, and future of the RMDZ
24 program, and to continue our discussion of the
25 challenges and opportunities facing market development

1 efforts in California.

2 This morning, as Board Member Jones also
3 reviewed, we have a formal presentation for you first,
4 including remarks from two RMDZ business owners who have
5 traveled here to Sacramento this morning.

6 Following the formal presentation, which we
7 expect will take up to 35, maybe 45 minutes depending on
8 interest, additional questions, we'd like to have an
9 open forum or free forum Q and A with all the Board
10 members that are here at that point, and also involving
11 the seven ZA's who are here now, we might have some more
12 trickling in, but we have seven zone administrators,
13 seven of the nine members of our board are here who also
14 made the trip.

15 So without further ado I'll start on the
16 presentation with the caveat that, I'll say publicly I'm
17 a Power Point rookie, this is my first one, so I've had
18 some assistance from Joyce Mason, and we'll get started.

19 Our agenda today, six elements: What does,
20 that's supposed to say what does CARMDZ stand for
21 anyway?

22 Our RMDZ program history in only ten slides,
23 actually not eight.

24 A few success stories, profiles in courage of
25 our entrepreneurs of our companies.

1 Lessons learned and current challenges.

2 And then the meaty part, the road ahead, our
3 best ideas, and open forum question and answer with all
4 of you and everybody here.

5 So what does CARMDZ stand for anyway? The
6 California Association of Recycling Market Development
7 Zones.

8 The first two segments are fairly basic, we're
9 going to try to go fairly quickly, but we want to review
10 the guts of our program, perhaps particularly for
11 chairman or -- sorry -- Board member Cannella.

12 BOARD MEMBER CANNELLA: I'm chair already?

13 MR LAUTZE: Our primary mission is to divert
14 significant quantities of recovered resources from
15 California landfills by stimulating usage of recycled
16 materials by manufacturers.

17 The RMDZ program is a partnership between the
18 CIWMB, local government, and innovative entrepreneurs.
19 It's also a nexus of local landfill diversion and
20 economic development efforts.

21 It's loosely modeled after the federal and
22 state enterprise zones, and to our knowledge it's unique
23 in the U.S. and perhaps in the world. Okay.

24 The key benefits from RMDZ work. Local,
25 continuous, and increasing demand for materials diverted

1 from landfills.

2 Industrial jobs and tax revenues for local
3 jurisdictions.

4 Net reduction in transportation costs to get
5 recycled materials to market.

6 And it goes beyond the command and control
7 aspects of AB 939.

8 Who are the players? The Waste Board,
9 yourselves, and the business assistance branch staff,
10 which is in two divisions, technical assistance
11 division, we call 'em our zone liaisons, five or six
12 people who serve multiple zones offering technical
13 assistance, and liaisons to us, the zone administrators.

14 And then there's the loan division of, in the
15 RMDZ program which does pre-screening and processing of
16 loan applications.

17 Okay. The local zone administrators, that's
18 us, and there's actually forty around the state, there's
19 seven of us here today. The pivotal link between the
20 Waste Board and the recycling based businesses,
21 typically either local recycling or economic development
22 staff.

23 And that's an important point that some of our
24 zone administrators work in economic development
25 departments, some are working in recycling departments.

1 And so recyclers are used to AB 939 but they don't know
2 that much about economic development a lot of the time.
3 Economic development professionals know that field, but
4 they may not be familiar with the landfill diversion
5 mandate. And so that's an important profile of who the
6 ZA's are.

7 We've also been described by one of our members
8 as the local sales force for the program.

9 Okay. Recycling based businesses. And as I
10 said, you'll hear from two of these in our middle
11 segment. These are competent, motivated processors and
12 manufacturers willing to initiate or expand their use of
13 recycled feedstock.

14 And I'm asserting that they are usually the
15 biggest risk takers in an RMDZ loan deal.

16 Okay. Basic RMDZ services. The Waste Board
17 staff, and this is not an exhaustive list, even though
18 it's a lot of information on each slide here.

19 The loan fund, as I said, pre-screening,
20 packaging, and processing of RMDZ loans.

21 And then the liaisons offering a coordinated
22 program and product marketing.

23 Create and maintain a statewide information
24 network, including program training.

25 And research technologies and feedstocks.

1 The local zone administrators offer business
2 plan assistance to the entrepreneurs and loan packaging.

3 Program and product marketing assistance as
4 well.

5 Siting and permitting assistance, which is
6 crucial, knowing the zoning, knowing where these
7 businesses can go, and how to get through the permit
8 process.

9 Equipment research and product testing.

10 Targeting and securing of local raw materials,
11 and figuring out which materials we're trying to get out
12 of the waste stream.

13 And selective advocacy at many levels.

14 Okay. We're into the second segment, program
15 history in only ten slides.

16 1992, that blank is supposed to be filled by SB
17 2310. Marion Bergeson, a Republican from Orange County,
18 created the RMDZ program via this bill to stimulate
19 local demand for materials diverted from landfill. The
20 bill set a \$10 million cap on the annual loan volume
21 that could be handed out in any one fiscal year.

22 From 1993 to '96, forty zones statewide were
23 established, and there are forty now as we speak,
24 through four successive phases of competitive
25 applications to become a zone from California

1 communities, north, south, rural, urban, etcetera.

2 In 1996 our association of those forty zones
3 was founded. And if you want all the gory details ask
4 Jim Kuhl who is not here today, but he's the kind of old
5 guard in our association, he's our current treasurer, he
6 couldn't be here because of Long Beach, because of
7 travel restrictions he could not be here today. But he
8 goes all the way back to the beginning.

9 Okay. Funding history. And actually Bobbi, if
10 you would hand those spreadsheets to the Board, this is
11 a freestanding handout which you don't need to master in
12 this time, but it is the spreadsheet, Jim La Tanner told
13 me it's the ten year history of the cash flow of the
14 loan program. So this is the detail of the
15 presentation. I don't expect you to study it as I'm
16 speaking, but it will show you the highs and the lows of
17 the loan fund, and some of the high points that I'm
18 going to hit are in there if you look for 'em.

19 Okay. So from 1994, fiscal years 1994 through
20 2000 the Waste Board contributed \$5 million per year by
21 statute, under the original statute from the integrated
22 waste management account to the RMDZ loan fund.

23 During the last two of those years, fiscal '99
24 and 2000, the, a new legislative waiver allowed the
25 Waste Board to divert \$4 million per year to other

1 market development programs.

2 This was a phase when the \$5 million allocation
3 had built up quite a cushion in the fund, and so the
4 Board got permission to reallocate some of the annual
5 allocation to other market development funds.

6 On bad days we call that leakage out of our
7 funds, but we understand the rationale, the original
8 rationale.

9 In fiscal years 2000 and 2002 -- 2001 and 2002,
10 the contributions from the IWMA to the RMDZ loan fund
11 was zero, which was also allowed under another, a piece
12 of legislation.

13 In 1996 the Waste Board authorized the first
14 loan sale of parts of the RMDZ portfolio, which was
15 actually a first in state government history for any
16 agency to do a loan sale on a loan fund, netting our
17 program \$7 million in the loan sale.

18 From 1998, June of 1998 through September of
19 2000, a 26 month span, the loan funded \$27 million,
20 moved \$27 million to business owners in California which
21 was an all-time high. And that's the good news.

22 But also in September of 2000, the ZA's were
23 urged by Waste Board staff to curtail marketing of the
24 program for fear that the funds might expire. So we had
25 a cushion earlier, and then we did land office business

1 in the late nineties which resulted in a stress on the
2 fund.

3 Most recent RMDZ funding history, October of
4 2000 to February of 2001, Board Member Jones convened
5 the loan fund leveraging task force to try to figure out
6 ways to get money to reduce the stress on this fund,
7 which produced a recommendation for a new loan sale.

8 At the February, 2001 meeting, the full Board
9 chose to table the loan sale favoring a consultant's
10 study of a variety of leveraging options which just came
11 back to the Board recently, the Milken study.

12 And that resulted in your most recent action
13 this month requesting an RFP for a new loan sale and, a
14 new bulk loan sale and possible real time loan sales,
15 and for more info regarding a loan guarantee program,
16 creation of a loan guarantee program, which I think is
17 due back in September.

18 Okay. So that's the funding details. We'll
19 look at a little bit more of the fund statistics.

20 Dan.

21 COMMITTEE MEMBER EATON: Not that I would ever
22 say this is a revisionist history, but I think there
23 needs to be a couple of things added to the history that
24 would be beneficial to some of those that are here today
25 as well as the Board members. That the \$8 million

1 waiver was done because there was an extremely high
2 reserve in that fund, and loans weren't being made or
3 money wasn't being put on the street.

4 The Board then took that money and then put it
5 into different projects for members and other things
6 that took place. And I can list all the projects that
7 Board members and Board staff recommended as a way to
8 get a marketing thing going up.

9 And the real critical stress that took place
10 was a result of the fact that at that time, during the
11 original legislation there was an automatic transfer of
12 funds, and that's not pointed out here, that the Board
13 used to have to make to fund that, correct, and that was
14 an automatic \$5 million that was funded. And under the
15 legislation it was, and that was done to prime the pump
16 for, I believe, five years.

17 Thereafter it was the Board's decision under
18 the legislation to then determine whether or not to
19 fund, at what level given the amount of loans that were
20 going out.

21 That's not a value statement, that's not a
22 criticism, that's just part of the history, and the
23 Board chose at that point in time not to transfer \$5
24 million but to do other kinds of things.

25 So, but it was a legislative activity that

1 actually was an automatic transfer, so it wasn't just
2 something that stress was caused by the \$8 million.

3 MR LAUTZE: Right.

4 COMMITTEE MEMBER EATON: Because if you
5 remember, at that time there was a lot of talk about the
6 high reserves and maybe that we ought to just get rid of
7 the, sweep it. So we went to our friends in the
8 legislature and said we think we can make good use of
9 this money, because the problem is that we were having
10 problems with the economy out there and loans being
11 made, so just as an added.

12 MR LAUTZE: Absolutely. Another footnote is we
13 made a loan sale in '96, and then the economy kind of
14 went in the tank also.

15 And so I agree with everything that Board
16 Member Eaton said about those footnotes on our history.
17 This is definitely our version, so we thank you for
18 that.

19 Some more of the less technical highlights,
20 actually the more fun overview of the loan program is on
21 the next two slides.

22 And if you look at it, this is all pretty
23 self-explanatory. 110 loans over the life of the
24 program up till now. \$60 million invested in California
25 companies that are diverting material from landfills and

1 making new products out of it.

2 The primary uses of the money, fully 80 percent
3 of the first two categories, equipment and working
4 capital, 80 percent of the money being used on equipment
5 and working capital in basically equal amounts. And
6 then ten percent leasehold improvements, eight percent
7 real estate purchases.

8 Real estate purchases are now limited to
9 \$500,000 per loan, which we think is a good policy. The
10 top materials involved in these deals, in these loan
11 deals are plastics, paper, organics, and construction or
12 demolition.

13 The next slide shows that annual diversion
14 directly from the loan program, not from the overall
15 RMDZ program, but just from loans averages 4.8 million
16 tons per year.

17 That the average loan is just over a half a
18 million dollars.

19 That the average interest rate is just over
20 five percent. Although it's currently at 2.9 percent,
21 it does change every six months.

22 And the direct jobs created are just under
23 1,200 jobs statewide. I say direct because there are a
24 lot of businesses affected obviously in the chain,
25 market development chain, waste haulers, recyclers,

1 etcetera, and people that buy products, retailers of the
2 products, wholesalers that the products made.

3 Okay. The next slide, key loan program policy
4 changes over the years, now we're back into a little
5 more of the arcane, but I'm going to wrap up the section
6 very quickly.

7 AB 1364 carried by Assemblymember Carol Migden
8 in 1999, changed the maximum loan from \$1 million to \$2
9 million per project.

10 It allowed the financing level on any
11 individual loan to go from 50 percent to 75 percent.

12 And it increased the term on real estate
13 purchases from ten to fifteen years.

14 A separate Board action in 1999 discontinued
15 the allowance of primary family homes as collateral in
16 an RMDZ loan deal.

17 Now onto non-loan history. Just a couple of
18 slides, and then we'll get into a couple of case
19 studies.

20 1998 to the present, Board Member Jones
21 referenced these quarterly trainings that we have around
22 the state. Quarterly ZoneWorks trainings create a zone
23 administrator forum and networking on recycling economic
24 development topics, cross training on recycling and
25 economic development, environmental justice, energy

1 issues, and many other issues that face the program and
2 face the state.

3 We'd like to invite all of you to our next
4 training which is November, I believe 7th and 8th in
5 Santa Rosa, make your reservations now.

6 And we, at that particular meeting, will be
7 doing some, making some decisions on our strategic
8 planning process, and that's an ongoing thing, and it
9 has been helped immeasurably actually by the Milken
10 report, kind of framing our strategic issues, and we
11 invite you to co-participate there in that process.

12 In 1999 to the present, relationship with the
13 inventors workshops, including regional events offering
14 inventor resources and proactive recycled content
15 product design that is encouraging inventors to
16 incorporate recycled content into their design.

17 Next slide has our biggest glitch in the whole
18 show which is the first paragraph repeats the ZoneWorks
19 trainings when it's supposed to be enthusiastic about
20 that program back there which is RecycleStore.com which
21 was launched in 1998.

22 The father of Recycle Store, Steve Boyd, who
23 works in the north part of the state where it originally
24 started, and now it's statewide for all zones.

25 This is a very innovative program that does

1 on-line marketing of over fifty companies, RMDZ
2 companies, and there's over three hundred products from
3 those companies. It's going today and we like it, we'd
4 love to see it thrive and expand.

5 And now or later if you want to wander back and
6 look at some of the products from the companies that are
7 back there on display.

8 Then this year, 2002, the economic gardening
9 pilot project was launched, it's now assisting nine
10 companies, including L.A. Fiber who we'll hear from in
11 just a few moments.

12 Economic gardening is the idea of government
13 helping smaller businesses use information to expand
14 their customer base. And maybe someone from L.A. Fiber
15 can expand on that a little bit.

16 So we've reached the success stories. You're
17 going to get a break from listening to me. At this
18 point we'll hear from zone administrators and
19 entrepreneurs talking about real companies who've done,
20 we're going to hear about seven deals, two live business
21 people in this segment.

22 So I'd like to invite -- who's first? Bobbi,
23 come on up. Bobbi Park is vice president of our
24 association and the zone administrator from the Placer
25 zone nearby, and she is going to introduce our first

1 business person.

2 MS. PARK: Good morning, Board members, again,
3 Bobbi Park. And I would first of all like to start off
4 with thanking Joyce Mason individually and your staff,
5 they're wonderful to work with.

6 And as an economic developer, about three years
7 ago I came on board, and this was under other duties as
8 assigned. I didn't know what an RMDZ was, and Joyce
9 took me under her wing and taught me a little bit about
10 it, a lot about it, so I wanted to thank her.

11 I'm going to introduce Richard Miller. He is
12 the entrepreneur owner of an injection molding
13 manufacturer in Auburn, California. They make some
14 great things, everything from snowboards to ski racks to
15 some pretty high tech manufactured products.

16 So with that I'll introduce Richard Miller, and
17 after which Kevin Drew will introduce Silicon Recycling
18 Services.

19 MR. MILLER: Good morning, Board, I appreciate
20 the chance to come before you this morning.

21 We're a small molding company in Auburn. We've
22 been there about 16 years. I've been in the plastics
23 business for over thirty.

24 Our first experience with the recycled plastics
25 began about fifteen years ago making snow ski racks for

1 Heavenly Valley. And they were making 'em out of wood,
2 and wood was deteriorating, they were expensive, and so
3 we had to come up with a low cost material to compete
4 with wood but last longer and be durable.

5 So I found a company in Berkeley that was
6 grinding up water bottles, the big water cooler bottles.
7 And I guess after a pretty good time they reuse 'em, but
8 then after a period of time they get scuffed up and they
9 look back so they don't use 'em anymore.

10 So he had this huge grinder out in this open
11 yard and in the weather and dirt everywhere, and that
12 was my first exposure to reclaimed plastics.

13 So we used that, and it worked okay. There
14 were problems with cleanliness and reliability and those
15 kinds of things.

16 But then as time went on other recyclers showed
17 up. And our biggest supplier right now is Bay Polymer
18 in Fremont. And they're very active, very busy, they
19 sell a lot of material.

20 Since then we've moved from polycarbonate to
21 polypropylenes and polyethylenes and other products.
22 And the process has gotten better, the material has
23 gotten cleaner, more reliable. Now you can get spec
24 sheets of materials with properties that we couldn't get
25 before. So it's really improved a lot.

1 And it's enabled we molders to present products
2 to customers that we can verify the properties of it,
3 how strong is it? And will it resist UV? Will it do
4 the things that the customer needs the product to do?
5 And in that, then we can even look and search for more
6 customers that this would save them money and make us
7 more competitive with our competitors. So that it's
8 worked very well.

9 We, I think our first product that got us our
10 biggest volume was the non-reflective road markers. You
11 drive down the highway and the little round white and
12 yellow dots, there's some on the table there that you
13 drive over and it tells you if you're falling asleep or
14 not. We make about a million of those a year. And that
15 diverts about a hundred tons of polypropylene a year
16 just for that product.

17 That's expanded from California now to Oregon,
18 to Washington, and now to Texas. In Texas we just sold
19 a quarter of a million parts to. And, of course, Texas
20 has to have their own color and there's something going
21 on there, but that's worked out very well.

22 And now we have a new customer that we've
23 developed this last year that makes products for
24 concrete tilt-up buildings. And their products are used
25 all over Sacramento and all over the world really, and

1 they're a world leader in these products. And the
2 molding that they had done before was out of prime
3 material, and the parts were expensive.

4 I ran into one of their engineers at a
5 restaurant and we got to talking, and so I went over and
6 had a meeting with them. And now we're converting all
7 of their injection molded plastics into recycled
8 plastics, and it's worked out great.

9 That green part on the table they buy from
10 Germany, and it's a prime polyurethane and nylon, and
11 it's 50,000 parts a year which is about 25 tons of
12 material, and we've converted that to recycled.

13 The rest are products that are molded in two
14 other molding companies, one in California, one in
15 Texas. And now we've reengineered 'em, patented a
16 design on 'em. And now those products will double our
17 usage, so we'll be up over 200 tons a year between those
18 two companies. So that's worked out very well.

19 And our experience with the program was very
20 good, I was surprised. When I first heard about it I
21 thought, "Well, it won't apply to us because it never
22 does." Every time a grant comes out or a low interest
23 loan or special program or something comes up, it never
24 fits what we need or we don't qualify.

25 So when we heard that Placer County was an RMDZ

1 zone we go, "Wow, that's great, we at least meet that,
2 but something else is going to fall out." But
3 everything worked out where we fit.

4 And I think what helped us the most was, the
5 low interest was great, but the fact that the loan
6 subordinates to standard financing, SBA's, that kind of
7 thing. That really helped. It made it possible to
8 help. It wouldn't have worked otherwise, because if
9 you're only getting half the funding, you still have to
10 get the loan somewhere else for the balance.

11 So we built the new building and expanded.
12 We've been in our new building almost two years.

13 What it allowed us to do, it also allowed us,
14 the lower interest, it kept our building cost below our
15 budgeted payment amount so we were able to expand and
16 buy more equipment. And by buying more equipment we can
17 go out to make more sales to make more products, so we
18 hired more people and found the concrete products.

19 And now we're taking our recycling a step
20 further, we're also making some hybrid materials that
21 we're customizing, that's unique to us, that uses a
22 combination of two different types of recycled materials
23 to make different properties, different strengths for
24 different applications.

25 So that's allowed, the ease of the financing

1 and the low rate has allowed us to expand our market.
2 So it's a great program. So we really appreciate the
3 opportunity to let you know how it's worked for us.

4 And do you have any questions?

5 COMMITTEE CHAIR JONES: Where in Auburn are
6 you? I live in Auburn so I --

7 MR. MILLER: We're on Locksley Lane.

8 COMMITTEE CHAIR JONES: Yeah.

9 MR. MILLER: Interstate Sales across the street
10 from us is who we make the road markers there for. We
11 don't have a sign out front yet, but we're right across
12 the street from them, so you're welcome to come by
13 anytime.

14 COMMITTEE CHAIR JONES: Okay. Great.

15 BOARD MEMBER CANNELLA: Since you've been
16 involved in the program for a period of time, do you
17 have any recommendations, any observations that would
18 improve the program, ways that we could encourage more
19 people to participate?

20 MR. MILLER: Well for me the first thing is
21 whenever you build a building or add equipment, the
22 first couple of years are pretty tough because you need
23 to get the sales rolling to make your payments.

24 A recommendation might be you do a period of
25 time of say no interest. Of course your interest is

1 getting down to two percent, but if you can do no
2 interest for a period of time to get the payments down,
3 or lengthen the term.

4 When it went from ten to fifteen, that's what
5 made it possible for us. We wouldn't have been able to
6 do it at ten years on the term.

7 But as far as anything else, the response from,
8 we worked with Don Tsukimura, he was great, very good to
9 work with, very professional, quick to call back, saw
10 our facility and walked us through it, and that worked
11 out great.

12 But that would be my only thought.

13 BOARD MEMBER CANNELLA: Thank you.

14 COMMITTEE CHAIR JONES: We're going to be
15 looking, as part of the leveraging options that we're
16 looking at there's different scenarios that we're going
17 to be looking at.

18 One of 'em may be that we only, if we sell
19 loans right away it's going to be at a, you know, at a
20 higher rate than what the SMF rate is right now.

21 MR. MILLER: Yeah.

22 COMMITTEE CHAIR JONES: If we included, if we
23 looked at it as part of the options that a grace period,
24 or some time where half payments were involved or
25 something like that, would that be enough of a bridge,

1 the difference between the SMF and the prime, you know,
2 that would make sense in certain cases?

3 MR. MILLER: Yeah, it would really help.

4 COMMITTEE CHAIR JONES: Because we're going to
5 have a hard time keeping this thing alive so we've got
6 to figure out what might make it work.

7 MR. MILLER: And a drawback for my business is
8 it's a very low margin, very competitive business.
9 Plastics is very tight, and the national average on
10 profit is five percent, so you really have to watch
11 every penny and your cash flow is always tight. So
12 that's the main consideration for us.

13 COMMITTEE CHAIR JONES: All right. Thanks,
14 good luck.

15 (APPLAUSE.)

16 MR. DREW: Good morning, Board members, I'm
17 Kevin Drew. I'm the zone administrator from San
18 Francisco. And I was going to take us through a couple
19 of the other case studies.

20 This first one is Silicon Recycling Services,
21 it's from the Ventura County market development zone,
22 David Goldstein is the ZA down there.

23 Silicon Recycling Services was found in 1995.
24 They've got 26 employees. They divert 1,500 tons a
25 year. And they are primarily transforming the

1 electronic waste in appliances into products for use in
2 the solar industry, Siemens is a big German firm that
3 makes solar panels and uses a lot of their silicon.

4 And they're, we wanted to highlight them
5 because of their success and because of their role they
6 can play in handling the electronic waste stream that's
7 coming at us. That's just a good example of a kind of
8 business that we need in this state and that we are
9 creating through this program.

10 The next one is called DR3, it's a mattress
11 recycler. This is from the Oakland Berkeley zone where
12 Steve Lautze is the zone administrator.

13 And this is a very interesting project. I've
14 been in recycling for about fifteen years, and one of
15 the biggest problems that we always had, we always faced
16 was mattresses and upholstery, upholstered couches and
17 that sort of thing. It's just the sort of thing that
18 doesn't pack in the truck very well, it's awkward to
19 handle, it takes up a lot of space in the landfill and
20 yet it's made up of a lot of component parts that are
21 actually quite useful.

22 It's been sort of like splitting the atom for
23 recyclers to figure out how to deal with these things.

24 DR3, which is a very interesting collaboration.
25 San Francisco, where is our locality, wanted to site

1 this facility in our town, we couldn't make it happen,
2 we worked on it for two or three different years.
3 Finally joined up with Alameda County and with folks
4 from Oregon, actually, the operators in Vincent Paul in
5 Oregon, Lane County, Oregon, and with the Oakland
6 Berkeley zone and the RMDZ program to actually site this
7 in Alameda County in their Oakland Berkeley zone.

8 It's been operating since 1999, has thirteen
9 employees, and is diverting five hundred tons.

10 San Francisco is the primary, is the largest
11 generator of mattresses. We centralized the collection
12 of 'em down at a sanitary fill at our transfer station.
13 More than half of the mattresses that the facility
14 handles come from San Francisco. So it's been a very,
15 it's been a great help for us. It's another one of
16 these kind of interesting businesses that our program
17 can help make happen.

18 Next is, I was going to have Leslie Kline come
19 up and talk about IC Solutions.

20 MS. KLINE: I'm Leslie Kline, I'm the zone
21 administrator for Fresno, California.

22 IC Solution manufactures an all-weather surface
23 that is an inexpensive and effective groundcover
24 product. The material has been used throughout Kern
25 County at storage yards, vehicle parking areas, feed

1 lots, and dairy alleys, which we have a lot of, off
2 highway, and private roads to mention just a few.

3 And up until IC Solution started, L
4 Corporation, a shingle manufacturing plant in Shafter,
5 California, was disposing of over 20,000 tons of roofing
6 shingle waste into Kern County landfills, and this is no
7 longer happening.

8 This gives you an idea of the power of the
9 zone. We always talk in economic development about how
10 it really takes place on the small business level.
11 That's where it begins and generates and spreads and
12 grows. And this program really does well with the large
13 businesses, but with these small businesses too which
14 are the backbone of our program and the state's economic
15 development.

16 Thank you.

17 BOARD MEMBER CANNELLA: It's a shingle, is it
18 wood shingles or asphalt shingles?

19 MS. KLINE: Asphalt shingles.

20 BOARD MEMBER CANNELLA: Okay.

21 MR. DREW: Let's see, who do we have next?
22 Who's up next? Oh, next is John Davis with Cal Biomass.

23 MR. DAVIS: Good morning, my name is John
24 Davis, I'm the administrator of the Mojave Desert zone.
25 We called ourselves the Mojave zone, and then these guys

1 came along later from the city of Mojave in Kern County
2 and became a zone, so there's a lot of confusion about
3 whether we're the city of Mojave.

4 But there wasn't much confusion about our need
5 to do this Cal Biomass project. We don't have yard
6 waste in the high desert, the area grew with really poor
7 soils and extreme climate, it gets in the twenties
8 during the winter, hundreds in the summer.

9 Grass didn't grow. Now, fortunately or
10 unfortunately, the University of California has managed
11 to get grass to grow up there, so the new homes are
12 coming in with yards and there's a lot of new homes
13 coming in.

14 But the older communities in residential areas
15 don't have yards, yet we needed to do something with our
16 organics.

17 So I went to, probably over the years I
18 probably went to six different biocycle conferences,
19 spent time with operators, looked at facilities all over
20 California, even looked at facilities in France with the
21 British compost engineer who thought he could do
22 something in the high desert, and ended up finding
23 finally the company which we really wanted which was
24 right in our backyard, California Biomass.

25 In 1999 they made a decision to come up the

1 hill into the Victor Valley, and transport material from
2 the valley, yard waste from the valley area up into our
3 community.

4 They're permitted to take care of the sewer
5 sludge. They're actually located on land owned by the
6 wastewater treatment plant. And the sludge diversion
7 from that plant had become a huge problem, as it is
8 throughout Southern California. So this sludge becomes
9 a balance, they make a specific product for golf course
10 and turf grass, top dressing with the sludge.

11 They also have a permit to handle food waste.

12 And we're in discussions with them about
13 finding a way for them to use our material recovery
14 facility to get a good supply of food waste.

15 So it's been a, it was a long pull, it took us
16 a lot of efforts, a lot of long meetings with these guys
17 to convince them, but they're now there.

18 They also operate in the thermal area and, as
19 you know, there's issues throughout Southern California
20 in finding successful compost operators.

21 So we're just glad that they're there, and
22 we're doing everything we can to make them stay. And I
23 would just say that they're now going to move their
24 headquarters into Victorville, and they're going to be
25 on-site in Victorville with the management of the

1 company, making things work.

2 So it really was an effort that took a long
3 time to pay off, but I think it's the sort of thing that
4 we're going to make stick and really have good potential
5 because of the way they operate for all of Southern
6 California.

7 We really would not have been able to do it
8 without the zone program. I think they took advantage
9 of that loan program on a couple of times. They know
10 all about it, and they were not going to go anywhere
11 that wasn't in an RMDZ.

12 MR. DREW: Next we've got Lorna Thompson from
13 the Contra Costa Richmond RMDZ.

14 MS. THOMPSON: Good morning MBA Polymers is
15 located in my zone. They've got two RMDZ loans for a
16 million dollars each, so they're maxed out at this time.

17 They're getting ready to pay off their first
18 loan. And before the fire, they had, they had created
19 fifty jobs, and were diverting 880 tons a year of hard
20 to recycle plastics.

21 They have a research development lab on-site
22 where they've developed world class technology for new
23 types of plastic recycling.

24 The specs they can create with their plastics
25 is a very narrow spectrum because of the research

1 they've done. And sometimes it actually specs out
2 tighter than virgin plastic because on any given day
3 virgin plastic, like created in Texas or something, has
4 different temperatures and water content in the air and
5 stuff, and so they don't have such a homogenous mix.
6 Because of that it gets more homogenized and gets a
7 tighter spectrum. So they're doing great things in
8 Contra Costa county.

9 And the program, I feel like the program is a
10 catalyst to get markets going. And if it slows down or
11 goes away I think it's going to be a great loss to
12 recycling, not only here in California but to other
13 places.

14 And MBA is actually planning on expanding to
15 other parts of the nation, and possibly the UK and
16 Japan, and it all started here.

17 COMMITTEE CHAIR JONES: How are -- excuse me.
18 Since the fire, because the fire took out quite a bit of
19 their feedstock as well as part of their property,
20 didn't it take out?

21 MR. DREW: They're pretty much back in terms of
22 repairs, and everything can operate. The problem has
23 been since the fire more with the feedstock, the correct
24 feedstock, getting the right mix in there, than any real
25 fallout from the fire.

1 They're still, they need more help getting the
2 right material to them.

3 COMMITTEE CHAIR JONES: Because they were
4 getting a lot of material from San Francisco and the Bay
5 Area and, you know, Bay Area cities, right?

6 MR. DREW: Right. Right. They were.

7 COMMITTEE CHAIR JONES: Is that still going to
8 them or is that finding other markets?

9 MR. DREW: I think it is, but I think what
10 they've found is that they can do more with a different
11 feedstock.

12 Actually it's things like appliances and even
13 auto shredder fluff that they can really work with, as
14 opposed to, say, mixed plastics from a curbside program.

15 COMMITTEE CHAIR JONES: Right.

16 MR. DREW: And they're having a hard time
17 sourcing it.

18 Lauren and I were just out there this month,
19 and this is the biggest challenge facing them. And it's
20 interesting, it's one of those things where we started
21 putting the word out on our, to our zones, and
22 developing a spec to try to go find, source that
23 material.

24 If they can get it, and it's interesting in
25 Europe and Japan where Lorna was mentioning that they

1 were going to go, they handle their appliances
2 completely differently, they crush 'em and grind 'em
3 all. And that fluff, which is a real problem here in
4 this country, in our country and in this state, it often
5 goes to ADC. If they can get that diverted with
6 certain, you know, key elements out or in, they'd be,
7 they'd be, they could increase their capacity
8 substantially. And they have the space and time to do
9 that, the space and equipment to do that, they are
10 really kind of underutilized right now.

11 COMMITTEE CHAIR JONES: Are the plastics from
12 the curbside programs in jeopardy of not having, is the
13 appliance plastics going to supplant the --

14 MR. DREW: It might in MBA's case but, for
15 instance, you've got Epic next door which is, you know,
16 handling all the bottles. So I think you've got
17 different markets kind of segmenting.

18 I think Mr. Cannella has a question.

19 BOARD MEMBER CANNELLA: I think you've already
20 answered part of my question.

21 I was going to ask, this is a specialized
22 recyclable product. How do you find it? I mean how do
23 they, are they able to collect enough of this recyclable
24 product to produce anything else?

25 MR. DREW: Well that's their challenge right

1 now is that the waste stream as it works in California
2 is not directing, the curbside stream is not their best
3 source. And the auto shredder is actually a little too
4 toxic, and it's a little too heavy metal laden. And
5 they're trying to get a, develop a stream.

6 Certainly one of the things that we're doing in
7 San Francisco is we've just swapped out 2,000
8 refrigerators to get, as part of an energy efficiency
9 program.

10 As it turns out, the refrigerator and those
11 type of appliances are perfect, toasters, microwaves,
12 things that used to be metal and now they're plastic,
13 but now they're mixed metal and plastic, that's a
14 perfect stream for MBA. But it doesn't exist as a
15 collector from a collection standpoint, that doesn't
16 exist yet. So we're, we've got to make that
17 connection.

18 BOARD MEMBER CANNELLA: Thank you.

19 COMMITTEE CHAIR JONES: Thanks.

20 MR. DREW: Let's see. Finishing up here I
21 think is Maureen Hart from the North Coast zone.

22 MS. HART: Hello. I'm Maureen Hart from the
23 North Coast zone which includes Humboldt County and Del
24 Norte now.

25 My liaison is Steve Boyd who's incredible to

1 work with. We've worked towards getting over 30
2 products in the RecycleStore.com from our area.

3 We also, through the rural incubator project,
4 has helped to develop new products that did not exist
5 before made from recycled feedstock.

6 But what I'm here today to talk about
7 specifically is Fire and Light. Most of you have either
8 been to the plant, Fire and Light up in Arcata, or are
9 very familiar with the dinnerware.

10 This started as a conversion. A local artist
11 was making dinnerware, there was an Arcata community
12 recycling center which had to send their glass three
13 hundred miles away. The two got together and developed
14 Fire and Light Originals.

15 Presently, they started out in less than a
16 thousand square feet -- talk about a garage business, it
17 started out in a garage. Moved to about a thousand
18 square feet, expanded to where it was busting out of the
19 building literally, could not even meet the demand of
20 the dinnerware.

21 With this present recycling market development
22 zone loan they now have 30 employees and close to 8,000
23 square feet of production. They will be expanding their
24 use of recycled feedstock by three times in the next
25 three to four years.

1 They are now going through the process to
2 become a DOC CRV end market which probably, I'm not
3 sure, means anything to you, Sal, you'll know what it
4 means some day.

5 What that means is they're using California
6 redemption glass in the production. They are now going
7 to be certified as an end user. That means they've
8 worked their way up to the demand of tonnage to make
9 that worth their while.

10 I think that sums it up. Also, I am in the
11 process of, I work with the Board, I'm on the board of
12 the California Recycling Market Development Zone
13 Association, and we are doing our strategic planning
14 right now that includes surveys of all the zone
15 administrators, a number of the businesses that have
16 received loans or have not received loans to see what
17 they need.

18 So some of the questions that you asked today,
19 we're also asking all the businesses and zone
20 administrators.

21 Thank you.

22 MR. DREW: Our final case study is Dassi Pintar
23 from L.A. Fibers.

24 MS. PINTAR: Good morning, Board members and
25 staff. I'm Dassi Pintar, and I'm with the RMDZ program

1 in Southern California.

2 Before I introduce Ron Greitzer, I just wanted
3 to make one point or correct one point. In the
4 background description of the program regarding the
5 economic gardening program, it was stated that nine
6 businesses have been helped in that project but, in
7 fact, 35 businesses have been helped so far. And so I
8 just wanted to make sure that was clear.

9 I'd like to introduce Ron Greitzer of L.A.
10 Fiber, Textile, and Carpet Recycling Company located in
11 the L.A. County zone.

12 L.A. Fiber is an RMDZ loan recipient, and also
13 was our first participant in the economic gardening
14 project.

15 I've known Ron for about six years and have
16 been continually impressed by his entrepreneurial spirit
17 and passion for recycling.

18 And with that, I'd like to let Ron tell you
19 about his company and his relationship with the RMDZ
20 program.

21 MR. GREITZER: Thank you, Dassi. And thank
22 you, Board, for allowing me to participate today in the
23 activities.

24 I've brought some samples of what we're doing,
25 I'll show it to you later. We're a Los Angeles fiber

1 company, we're in Vernon, California, started in 1983.
2 And since day one we've been one hundred percent
3 recyclable.

4 We've received three loans. Loan number one
5 was to make what we call Fibersoft which I want to
6 replace urethane foam in mattresses.

7 Loan number two was to create fiber made out of
8 textile waste for the re-spinning trade and paper
9 industries. All the currency in the world is made out
10 of textile fibers.

11 We at one point were the sole supplier to U.S.
12 Treasury for the fiber needed to make the currency. I
13 asked for free samples but never got any.

14 (LAUGHTER.)

15 MR. GREITZER: And then we create our own waste
16 out of that, we created a new product called blue batt
17 which was recycled textile fibers for the futon and
18 mattress industry.

19 Looking at our, how we've changed our business
20 from '83 to 2000, we were one hundred pre and post
21 textile waste. We made shoddy fiber, shoddy means
22 undetermined fiber not shoddy workmanship.

23 That fiber was used to make a felt pad that was
24 used as an automotive carpet underlay as well as the
25 mattress industry.

1 But in 2001, really for a three year period we
2 saw a dwindling supply of textile. The garment
3 industries just, they're gone. With less than five
4 percent of the waste flow into our factory exists today,
5 it's due to NAFTA, it's due to the powering costs, it's
6 due to labor issues, but it just doesn't exist like it
7 did before.

8 So we had this big giant factory with no
9 feedstock. And we figured out a new product to use, and
10 that was waste carpet.

11 Like I said earlier, the type of products we
12 make, synthetic carpet cushion, automotive pad,
13 insulation for the mattress industry, the currency,
14 decorative pillows, re-spinning for yarn.

15 The new product we're doing is automotive
16 plastic parts made from the nylon six, the nylon six six
17 of polypropylene that we've recovered from the waste
18 carpet and home insulation products.

19 Tons diverted, I'm very proud of this, 95, and
20 even before that for the twelve years averaged between
21 five and 9,000 tons a year.

22 Because of the loan program, we were really
23 able to accelerate what we were doing. And in the year
24 2002 we think we're going to hit 26.6 thousand tons.
25 We're projecting 72,400 tons for next year, most of it's

1 all waste carpet.

2 Jobs created. Right after we got the first
3 loan and loan number two there was 59 new jobs created
4 in our factory.

5 And then, as I said earlier, we saw things
6 change. We lost the textile waste, we lost jobs, we
7 lost dollars. And this year we're turning things around
8 and we're changing our fortunes and projecting adding
9 ten new jobs in 2003.

10 Talking about waste carpet and what we're
11 doing. 1.1 percent of all municipal waste is used
12 carpeting which takes up two percent of the landfill.
13 Using your numbers of 38,100,000 tons of municipal waste
14 going to landfills, that means converted to 420,000
15 tons. That's ten percent of the U.S. total is going to
16 California landfills.

17 We're stepping up and next year we plan to
18 divert 71,400 tons which is 17 percent of that number.

19 Economic gardening, thank you very much for
20 providing that to us. True professionals these people.

21 The first thing they did, they came out and
22 they looked at my website. They improved it, they
23 didn't like what they saw. I did it myself.

24 Next step was they contacted, we wanted to
25 export the plastic waste through China and throughout

1 the Orient. They contacted the California export trade
2 associations and made initial introductions for us.

3 They then provided us a list of all potential
4 carpet cushion, carpet layers, carpet installer
5 accounts, automotive pad accounts, plastic compounders.

6 And to date the net result is we have twelve
7 new active accounts. And when I say active accounts,
8 that's purchasing three times or more from us. Six that
9 have purchased from us, and nine more that are coming
10 on-line this month.

11 What we need. We are recyclers, we're really
12 good at that, but we have problems on the sale side.

13 I think the state government, the Department of
14 General Services, they have in their specifications
15 recycled content, but it doesn't say that they have to
16 buy this or they can always replace it with that.

17 If we get them to start specifying one hundred
18 percent post consumer content it will go a long way to
19 finding a home for the waste that we're recycling and
20 the products that we're making out of it.

21 The California Integrated Waste Management
22 Board to promote in publication one hundred percent post
23 consumer content, and let people know in California of
24 those products that are available.

25 And I've heard already today that you're

1 changing the amortization schedule. Yeah, the loan
2 program is great, we really do appreciate having the
3 three loans right now, but the seven year amortization
4 schedule hurt too much on those monthly payments, too
5 big of a bite. To double that to fourteen, fifteen
6 years would make a big difference.

7 And I want to thank you very much for the
8 time.

9 (APPLAUSE.)

10 COMMITTEE MEMBER EATON: Can I ask you a
11 question? We have one carpet recycler down in the
12 central valley that's unable to utilize carpet that has
13 been in apartments and things like that because of the
14 glue.

15 Do you have the same problem, or do you just
16 have a process by which you can separate that?

17 MR. GREITZER: Oh, we've got these big giant
18 grinders, you feed it into one end and it comes out
19 fiber in the other end.

20 And what it does is remove the latex, it
21 removes that white backing on the back of all the
22 carpet, and we end up with just a face fiber on one end
23 and what we call it the sand on the other end.

24 COMMITTEE MEMBER EATON: And do you figure that
25 process adds how much to your cost without going into

1 any proprietary information? Because they were, they
2 are also a loan recipient, and they said they are having
3 difficulty, you know, reusing carpet with glue.

4 And we figured maybe if they come back they can
5 utilize some of the other technology that's out there to
6 be able to utilize carpet, you know, from apartments,
7 what have you, you know, large public projects that take
8 out carpet on a regular basis and put new carpet in.

9 But right now they're only able to take in with
10 their machinery carpet that has no backing to it.

11 MR. GREITZER: Well what we have done -- it
12 depends on what, I think, the end markets are.

13 In our case we try to make carpet underlay
14 cushion pad, not only does it clean the backing, we have
15 to open up the fibers so it can make an even felt
16 padding, so that's what our machines are geared for.

17 If you want to go into the plastic business,
18 you've got to get rid of all the contamination. Because
19 again, we're very lucky, some of our machines, even
20 though we had to retool the whole factory, we were able
21 to remove all that. But I don't know what this other
22 company's end products are.

23 I'd like to add that we're working with two
24 very large companies, one's called Mohawk, the second
25 largest cushion carpet manufacturer in the world. They

1 just got a contract with the UC school system where all
2 the carpeting needs to be recycled, it's going to come
3 down to us, and we're going to use it in our padding to
4 use at the schools.

5 The second one is a company called Solutia
6 which is the third largest yarn manufacturer. And
7 they've provided us with a 1-800 number so that all
8 their jobs throughout the State of California for
9 Solutia Yarn, they could then take their old carpet and
10 bring it to us.

11 COMMITTEE MEMBER PAPARIAN: Your last point
12 there about the University of California is actually a
13 good one, because the Department of General Services
14 does not have anything to do really with the University
15 of California's purchases, yet they are probably the
16 largest landlord, other than the prison system they're
17 the largest landlord in California.

18 So they're doing a lot of carpet, not just new,
19 and a lot of replacement carpet and so forth.

20 MR. GREITZER: It's a huge contract. Thank
21 you.

22 (APPLAUSE.)

23 MR LAUTZE: Okay. That's enough of that
24 interesting stuff. Let's go back into the policy
25 stuff. We are about seven slides away from open

1 discussion, question and answer, and we've got two more
2 segments of our presentation to go through to set that
3 up. First of which is called lessons learned and
4 current challenges.

5 Oh, but before I do that I wanted to make some
6 comments, of course.

7 First of all, I neglected to point out this
8 timeline which was prepared by Waste Board staff. I did
9 a lot of the verbiage on the history. That's kind of
10 easier to look at, it has some of the big positive
11 things that happened in the loan program, so check that
12 out.

13 I also wanted to note that MBA Polymers, which
14 Lorna and Kevin said is ready to go international,
15 national and international, they started in a very small
16 space in the city of Berkeley, in my zone, with a very
17 small spot. And then they jumped to the Contra Costa
18 zone, and now they're ready to go global.

19 So finally, Bobbi Park pointed out the LAFCO
20 joke, that Ron Greitzer refers to his company in short,
21 L.A. Fiber, as LAFCO, and kind of Venus and Mars between
22 the government and the business.

23 She said, well LAFCO means a totally different
24 things to me than it does to Ron Greitzer, so I wanted
25 to note that.

1 Now we'll get on with the last slides.

2 Lessons learned since 1993. Green entrepreneurs
3 need more than just loans. This is an attempted joke,
4 how about a big grant? But more seriously, we might
5 even want to put grants in the program somehow if we can
6 in the future.

7 Siting and permitting. Testing of materials
8 and products, and other research and development.

9 Timely assistance.

10 And strategic advocacy to name a few.

11 More lessons learned. The best recycling
12 market development policies arise when the Waste Board
13 and our association or ZA's and locals cooperate.

14 That multiple inactive zones, we do have forty
15 zones, about 25 I would say are truly active and working
16 with companies on a daily or a weekly basis.

17 The quote unquote inactive zones may indicate a
18 need for culling dead wood, to be blunt, or creating new
19 zones, or going regional with the zones. More regional
20 rather than more local.

21 And the renewal process that fourteen out of
22 the forty zones are involved in right now in renewing
23 their ten year charters is an opportunity to deal with
24 that.

25 That environmental justice is a crucial issue,

1 but it also can be a double edged sword for RMDZ's. I
2 want to explain that statement briefly.

3 We had a very productive meeting in Palm
4 Desert, one of our trainings in June about educating
5 ourselves about environmental justice. But one of the
6 things that strikes me is that the RMDZ program
7 deliberately concentrates these uses in forty places in
8 California, and EJ tell us we should not deliberately
9 concentrate impacts in already affected communities.

10 So even though recycling, recycling based
11 manufacturers may have a lower net impact, they still
12 may have a cumulative impact. So it's complex, and we
13 need to keep the dialogue open at the local level and on
14 EJ in Sacramento.

15 Okay. Next slide. Whoops, I skipped, can you
16 go back one, Joyce?

17 Next one right there. Most recently, seeking
18 reauthorization in the California legislature requires
19 advance planning. The loan fund, which is the
20 centerpiece of the RMDZ, is set to sunset on June 30th,
21 2006.

22 Board member Eaton has, you know, called it to
23 our attention, based on his extensive legislative
24 experience, that we need to be thinking now about
25 reauthorization, and some of the other changes we're

1 thinking about wanting to talk to you in open forum
2 about might be necessary to incorporate in legislation
3 as well.

4 So we want to work with the Board, possibly
5 co-sponsor legislation, possibly each have a bill so we
6 each have a chance of getting through. But we want to
7 cooperate, and we need to plan ahead and start soon.

8 Waiting, emphasis on waiting for a loan sale,
9 for the Milken report, or any other kind of leverage to
10 put money into the program, especially while the economy
11 was going south and energy prices were going north in
12 California, can be and was for us extremely
13 frustrating. And we sometimes expressed that
14 frustration to some of you recently, as you may recall.

15 But that takes us into the last segment of the
16 show, the formal show, the road ahead, our best ideas
17 for the future.

18 Our goal today is to launch an open discussion
19 of the future of the program that will be continued on a
20 regular basis with staff and with all the Board members.

21 So this extreme frustration we realize though
22 can also strengthen our association and can be the
23 mother of invention of some new ideas.

24 That the renewal of the zones that is unfolding
25 right now can be a healthy exercise. And that's

1 involving fourteen of the forty zones now, but
2 eventually we'll hit all of the zones in the next few
3 years.

4 The Milken report offers a context in which to
5 hammer out a consensus through collaboration with the
6 Waste Board and the ZA's on such issues as -- and this
7 is the big finish. Oh, yeah I'm not advancing, thank
8 you.

9 These are specific to the loan program,
10 leveraging strategies beyond a bulk loan sale.

11 Loan guarantee.

12 Avoided interest in the early years, there's
13 several options.

14 Diversification of the loan products, including
15 grants or deferred payments for start-ups.

16 Possible reconsideration of the primary, of
17 primary family homes as eligible collateral for RMDZ
18 loans which is not currently eligible.

19 The joint approach to the legislative
20 reauthorization I mentioned earlier.

21 And possibly revisiting equipment tax credits.

22 When the original RMDZ program was passed there
23 was a piece of it that gave tax credits, but a lot of
24 the companies were not mature at that point and didn't
25 have tax liability and so couldn't really benefit from

1 tax credits. And the field is more mature now, and it
2 may be interesting to look at tax credits again.

3 More ideas for the future:

4 Continue and expand the RecycleStore.com.

5 The economic gardening project you've heard
6 about.

7 The recycled products trade show which is
8 technically a separate program of the Board but very
9 relate to RMDZ.

10 Linkage to buy recycled promotion and other
11 programs, similar programs.

12 The inventors groups and other active marketing
13 strategies that the Board is already involved in either
14 only through RMDZ or through other parts of the agency.

15 Fostering links to other organizations,
16 including a lot of acronyms here, CALED, the California
17 Association of Local Economic Development which we are
18 actively pursuing right now;

19 The California Manufacturers Association, CTMA,
20 which now has a T in there for technology.

21 Just as trade and commerce also has another T
22 in their name, that's another acronym, CTCA.

23 Foundations and universities.

24 Still more ideas for the future, but almost the
25 last ones we have today before we open it up.

1 Cultivate practical research and development
2 tools for prospective recycling based manufacturers such
3 as low cost product and process testing.

4 And we want the Waste Board to stay tuned to
5 our association's ongoing strategic planning and market
6 planning process, and share ideas and resources.

7 So the opening bell for, the opening bell for
8 the Q and A is let's communicate frankly and keep our
9 minds open.

10 Thank you again for the opportunity, and we're
11 out of the formal presentation mode.

12 (APPLAUSE.)

13 COMMITTEE CHAIR JONES: Nice job. I want to
14 ask the members, because I think there can be some
15 pretty good dialogue here, you want to take a couple
16 minute break and then come back to this dialogue?

17 (Thereupon there was a discussion off the
18 record.)

19 COMMITTEE CHAIR JONES: Okay. We'll take ten
20 minutes and then we'll come back, okay.

21 (Thereupon there was a brief recess.)

22 COMMITTEE CHAIR JONES: We're going to, we're
23 going to reconvene. Mr. Eaton will be back with us in
24 just a second.

25 I do want to say that, for the other Board

1 members, or to the other Board members, when this
2 special workshop was being thought of, it was really in
3 conjunction with the Milken report that we had on
4 leveraging our loan programs, and what we can do to move
5 it forward.

6 And we felt that it was important to give the
7 RMDZ zone administrators an opportunity to have
8 dialogue, even though we've talked to 'em continually,
9 they were part of the working group that actually came
10 up with the ideas of where we might be able to take the
11 RMDZ loan program. So back, I don't know, four months
12 ago, three, four months ago, we decided that we would
13 have this day.

14 And so I'm going to say, number one, I'm
15 pleasantly surprised and a little blown away because
16 this was a presentation that was incredible.

17 My apology to the other Board members is that
18 had I known it was going to be this good I would have
19 tipped you off if I'd known what it was going to be
20 because truthfully, up until yesterday I thought we were
21 going to be talking about the Milken report and --
22 that's not true, I mean I was told it was going to be a
23 little bit different, but I'm glad that it was a
24 surprise.

25 So I don't want you to think that this was

1 planned four months ago; the day was, but the content
2 certainly wasn't. And I think you've done a good job of
3 letting all of us just see the impact.

4 I wanted to say that so all the Board members
5 and the audience understood that you guys took this ball
6 and ran with it and really came up with a nice product
7 for us today, and we appreciate that.

8 So I don't know if anybody wants to say
9 anything before we open this up to questions?

10 Steve, if you have some, any remarks to make,
11 and then we'll just start asking questions, or we'll go
12 with that.

13 MR LAUTZE: I'd rather just throw it to you.
14 You know, if you want to focus on anything, the last,
15 some of those last ideas. And again, we're looking at
16 this being a new beginning and a continuous dialogue, so
17 I don't have anymore air time to steal, I'd rather open
18 it up.

19 COMMITTEE CHAIR JONES: Okay. All right.
20 Members, any questions?

21 BOARD MEMBER CANNELLA: I'll start. First of
22 all, I think it's a tremendous program, I'm very much
23 impressed by all of the presentations this morning, how
24 successful they've been.

25 I realize it's been a long difficult road, but

1 I just must say that I'm very much impressed by what
2 I've heard and what I've seen and what I think is going
3 to happen in the future, based on the folks who are
4 involved in this program, their vision and their
5 commitment to doing things with the waste stream.

6 I have a question particularly. In one of the
7 slides you had, "Lessons learned since 1993." One of
8 the things that you said out here is, more seriously,
9 siting and permitting, testing, and other R and D.

10 I'm confused about what that means. If you
11 could explain that to me?

12 MS. HART: Maureen Hart.

13 Oftentimes when someone is developing a new
14 product, say I'm working with a company right now called
15 Encore, and we've been working with him for several
16 years. He wants to take wood from deconstruction that
17 cannot be reused, grind it up, he has a material
18 non-toxic binder, and he wants to go into production.

19 But before we can sell his product in a number
20 of different markets he has to have that tested for a
21 number of things, strength, etcetera.

22 Many new products have to go through certain
23 kinds of testings before they can be sold on the
24 market. It's a barrier. It's a barrier to their
25 production.

1 If they have to come up with all the money to
2 both develop the product, test the product, and get it
3 out into the market, it can be a barrier that keeps that
4 product from getting out there.

5 BOARD MEMBER CANNELLA: So is the suggestion
6 then that a new grant or loan program be established to
7 do RMDZ end testing?

8 MS. HART: Yes. I think that that would be a
9 very important step towards moving more products to
10 market.

11 The Clean Washington Center, which was based in
12 Washington and no longer exists, did a lot of that
13 testing. There is no place to go to do the testing for
14 recycled products now.

15 BOARD MEMBER CANNELLA: Okay.

16 MS. HART: Thank you.

17 MR LAUTZE: And if I could add -- see, there I
18 go.

19 It may not be a grant to individual companies,
20 it might be, but I think the thing is that RMDZ
21 resources are critical, because if you can't get over
22 that barrier, if a manufacturer is open to looking at
23 recycled, using recycled materials, it can even be a
24 long established manufacturer, they like the loan rate,
25 you've got their attention, but they don't want to, you

1 know, they don't want to pay for all that testing.

2 So either a combination of resources, technical
3 resources or money.

4 BOARD MEMBER CANNELLA: But wouldn't they
5 already have explored that to find out if they have a
6 product to go in the market before they would apply for
7 loans to build or buy equipment?

8 MR LAUTZE: They often might have, you're
9 right, but they may not have.

10 If we're in the field and we contact these
11 manufacturers and we say, "Hey, have you ever thought
12 about using recycled material in your process? Did you
13 know that a lot of cheap recycled material is
14 available?" And then this barrier is identified.

15 So again, if they're an established company
16 they probably have sophistication, and they've got money
17 for testing. So it's not in every case.

18 We, my main point was we need technical
19 resources sometimes in the form of a cash grant.

20 MR. DAVIS: If I could add something?

21 I've noticed in going through some of the paper
22 recycling conferences and some of those people, a lot of
23 the state university systems, and particularly in the
24 forest states like Wisconsin and Washington, there are
25 entire programs in those state college and university

1 systems that are devoted to developing those industries
2 because they're such an integral part.

3 In California we've got the agricultural
4 section. We've got now programs that deal with
5 information technology. I'm familiar with UC Riverside
6 real well, and they have an environmental engineering
7 program that focuses initially on pollution, on air
8 pollution and somewhat on toxics and water quality.

9 I don't think that they do much in this area,
10 so there's a whole other, you know, resource out there
11 that may be just a matter of our being able to
12 articulate the need a little better and try to integrate
13 it into what's already going on.

14 MS. BARRY: Hello, my name is Lisa Barry and
15 I'm one of the staff here at the Waste Board. I can
16 give you specific examples of companies that come to me
17 and what this means.

18 There was a company about five years ago they
19 developed a free standing panel that you could use like
20 plywood -- or what's that white stuff they put on
21 ceilings? -- gypsum board.

22 BOARD MEMBER CANNELLA: Drywall.

23 MS. BARRY: Right. But instead of having to
24 have the supports you could use this product as a free
25 standing wall, so you wouldn't need all the supports and

1 you could basically put up a building rather quickly.

2 And the panel had recycled content and they
3 were, you know, one of the companies we've been working
4 with.

5 But in order to use the panel it needed to be
6 fire tested, it needed to be ULA tested or there was a
7 number of, it met all the specifications, they paid for
8 the money to say it has this strength and these
9 qualities, but a lot of local agencies wouldn't permit
10 that to be used because it's a new technology until it
11 had gone through this other extensive testing. And the
12 testing was in excess of \$200,000.

13 Really, we tried really hard to find them
14 monies just so they could get that testing, but it was a
15 real barrier. And they were called At was the name of
16 the company, it stood for the whole company name.

17 But that was just one example that just came to
18 mind of companies that really bump into this barrier.
19 It's not so much does the product work, it's not so much
20 about the strength, the reliability, the flammability
21 and all that.

22 Sometimes it's like getting, when you buy
23 toothpaste it says, "Approved by the American Dental
24 Association," that little sticker costs several hundreds
25 of thousands of dollars to get that approval.

1 Oftentimes that's what we're talking about with regards
2 to industry.

3 BOARD MEMBER CANNELLA: And I don't disagree
4 with that, I'm just trying to understand. It just seems
5 to me an entrepreneur that develops a product to sell
6 would have researched, would have understood what they
7 needed to do to certify that product before they would
8 have went into wholesale production of it. And I'm just
9 trying to understand how this type of a loan would allow
10 a person to go into business. I would think that they
11 would do all this before they made any capital
12 expenditures to produce a product that they didn't know
13 whether they would be able to sell it.

14 MS. BARRY: You would think. And oftentimes
15 there's local barriers to getting something inspected.
16 You might have, and again we're talking about new
17 technologies, so local building inspectors aren't really
18 willing to say, yeah, we'll approve that unless somebody
19 else has done it.

20 And getting that whole spec process done is
21 something that most entrepreneurs, manufacturers don't
22 really anticipate when they're developing a new product
23 line, so it's often above and beyond what they expected.

24 And I think alternatives to grants or funding
25 to have this done would maybe be partnerships with

1 labs. We've done a lot of innovative partnerships over
2 the past ten years, things that haven't done with state
3 government. And perhaps partnering with some of the
4 labs or doing a maybe reduction of fees or deferring
5 that as part of a loan, you know, payment.

6 There's lots of ways to partner to create an
7 access to the services that as of right now some of the
8 smaller manufacturers just don't have.

9 BOARD MEMBER CANNELLA: Thank you.

10 MS. BARRY: So there's some other ideas.

11 COMMITTEE CHAIR JONES: I have a followup
12 question to our staff on this. Do we have, you've got
13 a, you've got a, within the RMDZ you've got two groups,
14 you've got the loan group and then you've got the
15 assistance group.

16 MS. BARRY: Right.

17 COMMITTEE CHAIR JONES: Has anybody looked at
18 categorizing those kinds of approvals for different
19 products so that when somebody comes to you early you
20 might explore the idea of this is what it might take?
21 Because it would seem to me that that would help
22 somebody other than going down a road and then finding
23 out that they need to get some kind of approvals
24 somewhere.

25 Because there must be enough agencies that we

1 deal with that would at least give us an idea of the
2 kind of approvals that would be necessary to carry
3 forward a certain product.

4 MS. BARRY: And I can say personally I've done
5 it on a number of different products or materials or
6 processes. And what happens is while I generally have
7 my resources I go to, I find out the process, and that's
8 why the permitting and assistance side, the technical
9 assistance is very important. It's so product specific,
10 product and industry specific that it's very hard to
11 develop, I call it a cheat sheet, do this, do this, do
12 this. It's hard to get a process flow for the wide
13 variety of materials, processes, products that we run
14 into.

15 And then, in addition to what we might do here
16 in Sacramento, it's actually incredibly regional. So
17 L.A. County might have another process. Oftentimes it's
18 driven by air, water, you know, the other regulatory or
19 sister agencies that we work with. So it's not as easy
20 as it sounds.

21 I know I've done it. When a business comes to
22 me I spend a good amount of time doing some background
23 checking to figure out in that industry what are the
24 standards and what standards they have to meet. So it's
25 pretty technical. It's a lot more time consuming than

1 you would think.

2 A lot of manufacturers, believe it or not,
3 don't have access to the resources that we have.

4 COMMITTEE CHAIR JONES: Sure.

5 MS. BARRY: As you know, there's five of us to
6 cover the whole state. So it can be done, but it hasn't
7 been done systematically because it keeps changing.

8 COMMITTEE CHAIR JONES: It's more about the
9 product they're talking about than it is the actual
10 process, right?

11 MS. BARRY: It depends on what the company, it
12 depends on each individual. Sometimes it's a product,
13 sometimes it's a process.

14 MS. KLINE: Leslie Kline, Fresno County.

15 When a business comes to you and they have an
16 idea and they've been working on it, I do think it is
17 their responsibility to be aware of these particular
18 barriers and be thinking about financing 'em.

19 But part of our job is to go to businesses that
20 aren't thinking about recycling and saying, "Hey, you
21 could substitute this virgin material with this recycled
22 material, and you would help yourself and the state."

23 And they say, "Well, let me look at that." And
24 then they find out that it takes a hundred thousand
25 dollars to get the Electronic Underwriters seal of

1 approval and they say, "Well, why should I bother? Why
2 should I put myself out for that kind of money, you
3 know? I have a nice little business going here now."

4 So it's from that perspective, when we're
5 trying to encourage people who don't have the innate
6 motivation to move into these recycled areas to move
7 that way. We have to make it feasible for them to do it
8 if we're going to see some progress in that direction.

9 COMMITTEE MEMBER EATON: Perhaps one possible
10 sort of splitting the, the sort of half that could be,
11 the situation wherein there might be a portion of any
12 loan proceeds that could be utilized for the
13 certification, but as it relates to a state agency.

14 I think it would be much easier for us, as part
15 of state government as opposed to getting into a local
16 control, local issue, building department, but let's say
17 for instance X product, you know, Caltrans always issues
18 specs, we hear that a lot with tires.

19 General Services probably, if you're trying to
20 seek a contract there, probably has some certification
21 requirements of sorts. And that may be an avenue worth
22 exploring for certification with other state agencies
23 that the loan proceeds or some other proceeds might be
24 able to utilize.

25 And I just throw that out. It's probably half

1 a loaf, but it may be the way to go. It may be easier
2 for us, you know, as a state agency to utilize some of
3 that that would be consistent with it, it might be worth
4 exploring.

5 MR LAUTZE: Just a quick, first I would point
6 out that the two RMDZ businesses that we had today,
7 Richard Miller said, you know, he started with this
8 funky material from Berkeley and he never tried it
9 before, and he evolved and maybe did his own testing.

10 And Ron Greitzer has been doing recycled
11 content for a long time, and so he's familiar with this.

12 But to put a point on what Leslie is saying,
13 it's when we go to the folks who aren't doing it.

14 And also to emphasize what John Davis said and
15 also what Lisa said about the labs and the
16 universities. If there were in-kind institutionalized
17 resources that were reinforcing the use of recycled
18 content in their engineering programs, in their business
19 programs.

20 This is a broader theme that I didn't put on a
21 slide which is that our grandest vision is that this
22 recycled content manufacturing policy would graduate
23 from being a program in the Waste Management Board to
24 being California's manufacturing policy, and seep into
25 university research, labs, etcetera. So it's a big

1 idea.

2 MR. BOYD: Yes, good morning, I'm Steve Boyd
3 with the Board's RMDZ program. I just wanted to give
4 you my perspective a little bit.

5 The first part deals with Leslie's comment, and
6 it boils down to the word risk. We go into these
7 companies that are currently using virgin material and
8 we start talking about converting.

9 And in the real world that we work in, the
10 closing the loop actually occurs not necessarily when
11 somebody consumes or buys that recycled content product,
12 but really when a manufacturer substitutes virgin
13 material with recycled.

14 And you might say, "Well, if nobody buys it it
15 hasn't completed the loop." Well, there's not many
16 manufacturers that stay in business by producing
17 products that nobody buys.

18 So we're working with fifteen or twenty
19 manufacturers to try to get them to understand that we
20 can convert some of that virgin material with recycled
21 material. But then comes that big word risk and, you
22 know, if it's not broke don't fix it kind of thing.

23 We don't even have to let the consumer know
24 that there is recycled material in there because that's
25 frequently used by our competitors to beat us up. The

1 perception is, you know, that product just contains
2 recycled material.

3 An example back there is that compression
4 molded rubber threshold ramp that's produced by Vandure
5 Industries. They had a better product, it was a cheaper
6 product, it worked better, it was easier to install, low
7 maintenance, people weren't ripping it up and selling it
8 for scrap because it was made out of aluminum.

9 But to get into the established relationships
10 within the building industry, when they mentioned that
11 it was made out of recycled tire rubber, the existing
12 relations and the existing competitors beat 'em up
13 because they said that's just recycled stuff.

14 So there's a lot of risk associated with this.
15 And to offset that risk we have to have testing.

16 And I work with the inventors groups, and it's
17 really paramount with these folks because we're talking
18 about new ideas for products. And when you take a look
19 at our basic needs of food, clothing, and shelter, our
20 shelter has a huge opportunity for innovation and for
21 taking these materials, and very frequently building
22 materials lend themselves to the disadvantages that we
23 see with recycled content material.

24 But in order to get any product into a building
25 we've got to go through ICBO testing. And the item that

1 Lisa brought up about different jurisdictions, either
2 approving it or not approving it, for probably anywhere
3 from 25 to a hundred thousand dollars if you want to put
4 a product inside of a building nationwide, you've got to
5 submit to the ICBO testing.

6 I have one innovation right now that probably
7 could consume forty percent of the plastic high density
8 polyethylene generated in the state, but it's about
9 \$60,000 in ICBO testing to prove this in order to get
10 all of the jurisdictions in the state to accept it when
11 a set of plans are submitted.

12 So this testing is really a big deal for
13 innovation. And most of the inventors that I'm working
14 with run up against this barrier.

15 And what they're forced to do is they're forced
16 to try to find another company that will license their
17 patent or their invention.

18 And unfortunately, those companies are the
19 established manufacturers that use virgin materials, and
20 it's very, very difficult for us to try to get them to
21 consider recycled content at this point.

22 Where the inventors that I'm working with, if
23 they could start up these businesses at a local level,
24 and if they did have that testing available to them, I
25 think it would give them an option that they don't have

1 today.

2 Any questions? Thank you.

3 COMMITTEE MEMBER PAPARIAN: Yeah, thank you. A
4 couple of things. Steve mentioned that, you know,
5 trying to inject some of these ideas into the
6 engineering schools and business schools and so forth.

7 Back in January at the NRC meeting in Seattle,
8 I think, Steve, you were there, John was there, several
9 other people were there, there was an idea up there that
10 I thought was worth stealing and that was that they had
11 a design competition that they showcased at the NRC
12 meeting in Seattle.

13 And as I understand it, in that competition
14 they took some raw materials, recycled materials, and
15 said, you know, give it your best shot what you can make
16 with this material.

17 There's other design competitions where you
18 look at an end product and you say, you know, here's a,
19 you know, a computer case, give it your best shot, what
20 can you make, you know, using recycled materials that
21 was equivalent to this.

22 I think that might be something worth pursuing
23 that would spark the interest of some of the engineering
24 schools and some of the design schools. We have some
25 premiere design schools in California as well as

1 potentially some of the designers who work in some of
2 the bigger manufacturers in California if it was done
3 right.

4 So it's something that I'd like to pursue
5 sometime over the next few years, and I just wanted to
6 throw that idea out there. Again, it's not an original
7 idea, it's something that's been done elsewhere, but I
8 think that it might help pique the interest of the
9 manufacturing community and perhaps others.

10 MR. LAUTZE: And it's also not cash grants
11 either it's --

12 MR. DREW: That's actually something I wanted
13 to pick up on which is that we're definitely, I think we
14 have the loan program out there as money for loans, but
15 I think we've heard from the staff, existing staff at
16 the Waste Board that assists us, the ZA staff that's out
17 there in the field that there's a lot of different
18 functions that really aren't loans, that are services
19 that we could provide either directly or through these
20 associations with other state agencies which is, I
21 think, an obvious one.

22 It's kind of like taking the economic gardening
23 principles we're using and using 'em on our own state
24 agencies and our own selves to figure out how we can
25 leverage more resources for the businesses. And it

1 doesn't have to be a loan, it can be technical
2 assistance or it can be simply contacts.

3 I guess I wanted to just throw out, I'm not
4 quite sure how the funding, existing funding got set up
5 and whether there was a portion set aside for loans and
6 a portion set aside for staffing for support, but I
7 would recommend in the future, looking at the future, to
8 setting aside in any future authorization for this
9 program resources for these kinds of things, not a loan
10 but these other softer costs. But I mean they're not
11 soft really, they're clearly hard costs for these
12 businesses, and if we want to grow this kind of business
13 we need to find a way to get 'em out there, just like
14 the program you were just mentioning.

15 COMMITTEE MEMBER PAPARIAN: I have a question,
16 I don't know who can answer this. But we have forty
17 RMDZ's out there right now, so we have a lot of the
18 state covered with our RMDZ's, but we have a lot of the
19 state not covered by RMDZ's.

20 Is there any reason why the whole state
21 essentially shouldn't be an RMDZ? Why there shouldn't
22 be the availability of funds outside the RMDZ's?

23 MR LAUTZE: I'll take a shot. I'm kind of on
24 the con side of this, I think there may be others that
25 may be on the pro side. And we often get that comment,

1 even from, at statewide conferences from colleagues who
2 like market development who say, "I'm not in the zone, I
3 wish I was in the zone, why am I not in the zone?"

4 I think the first answer would be resources. I
5 think if the loan fund is stressed now, if it were a
6 statewide program, at least theoretically the loan fund
7 could be more stressed.

8 The second thing is the historical legacy that
9 communities competed to become these zones, they
10 committed resources at the local level, to a great
11 extent the majority of the zones are still employing
12 those resources locally and putting it in their local
13 budget to keep a line item for RMDZ, so to throw it
14 statewide would say, you know, would confuse that
15 message.

16 And the last thing I will say before throwing
17 it to others is that I think -- maybe I lost my last
18 point? I might have lost my last point.

19 COMMITTEE MEMBER EATON: You're in the zone.

20 MS. PARK: Excuse me, I'd like to add to that,
21 Bobbi Park, Placer County zone.

22 Actually I'm kind of supportive of not maybe a
23 statewide program, but at least a regional approach to
24 this program.

25 One of the things that we did in Placer County,

1 working in partnership with the Waste Management Board,
2 and we're very grateful to receive unused zone incentive
3 funds to encumber through our Office of Economic
4 Development, and then, in turn, channel that to our
5 Sierra College small business development center.

6 And this group will work together with, it's
7 called, the group that's being put together is called
8 Inventors in commerce dot org. There will be a website,
9 it will be membership driven. We're working with Steve
10 Boyd and his group in the northern, upstate Northern
11 California region.

12 And what we want to do is have lectures. We'll
13 have a trained certified instructor, Bob De Matteis who
14 is an author of many books from patent to profit, he's
15 also a Sierra College instructor.

16 We'll have, starting in January, ten lectures.
17 We'll have inventors that want to come to the table,
18 learn about the patent process, have a manufacturing
19 idea, and we'll talk to them about the RMDZ program.
20 And if they have a new process and they do go to a
21 lending panel, that they consider using recycled content
22 manufactured products.

23 And I'll be glad to get more information out.
24 But we are really appreciative, and that was one way to
25 look at a regional approach because we can outreach to

1 the other counties that way.

2 They may not necessarily receive the benefit of
3 an RMDZ loan, but they'll certainly receive the benefit
4 of learning about something that can help them start a
5 business.

6 MR. DAVIS: John Davis.

7 And I'd say, to me it would be a big change
8 because I don't know that you have the zone
9 administrators involved, to the extent that we are, as
10 Steve mentioned earlier, you kind of have to do both
11 economic development and understand the integrated waste
12 management field.

13 I think if it were a program that were wide
14 open across the state it would become just one more tool
15 that might apply sometime, but you wouldn't have people
16 probably actively promoting it to the extent that you
17 have.

18 I think a better solution might be how can, how
19 can CIWMB pull back designations for zones that aren't
20 really fulfilling their commitment and obligation, and
21 then redesignate the zones or bring in new zones that
22 are committed to the real intent and make the program
23 successful.

24 If, Steve estimated there are 25 zones that are
25 active, I'm not sure it's that high but I'll take that

1 number, they've been doing recent surveys. I tried to
2 do a survey just in my area one time, and it took me six
3 months to get ahold of some of the zone administrators
4 and, you know, that's not a good turnaround time for a
5 business so, you know, I don't think that's an effective
6 zone.

7 But the other, the corollary to that would be
8 to make it easier to become a zone when you have the
9 resources and have the commitment, and make it easier to
10 expand the zone, as Bobbi mentioned.

11 I had a business the other day that I took the
12 time to show around and they said, "We have good news,
13 we want to come into your zone," and they mentioned one
14 of the communities that's not a part of our zone as
15 being their preferred location.

16 And I said, "Well I'm glad you're coming up
17 here, good luck, but I can't help you at all." And the
18 process really of adding that community to our zone
19 would be a very lengthy process and wouldn't lend itself
20 to it.

21 So we can look at how to make the current
22 program more effective, but I think it would change just
23 the underpinnings of the whole program.

24 COMMITTEE MEMBER PAPARIAN: There could be some
25 in between too. I mean you could have, obviously

1 there's good benefits with the folks here being real
2 advocates and the people who are able to assist
3 businesses in the local zones, you know. And in between
4 could be that if we allowed loans outside the zones,
5 obviously they wouldn't get that benefit, they'd be
6 losing some assistance and so forth. But if for some
7 reason they just, you know, that's where they lived and
8 there was no zone within a hundred miles, you know,
9 maybe we could have some provision where they can
10 qualify.

11 MR. DAVIS: Or you make it easier to just say
12 bring in new zones, you know, cut loose some of the
13 people who really aren't doing what they thought they
14 were going to do initially. And so when you get an
15 opportunity for an area that's not served, doesn't
16 logically become a part of the existing zone, have it
17 easier to designate and deactivate.

18 COMMITTEE CHAIR JONES: I know we had -- Corky,
19 we're going to let you talk, go ahead.

20 MS. MAU: Just very briefly and just to kind
21 of -- oh, I'm sorry, I'm Corky Mau with the RMDZ
22 program.

23 To kind of sum up some of the ideas that have
24 been tossed around. And I think staff, we have reached
25 a point in the program, it's been ten years now, we've

1 reached a point in the program where we're starting to
2 revisit how can we work smarter with the limited
3 resources we have?

4 We are cognizant that we're in a situation
5 where we're not in a position to increase staff. We've
6 got to work with what we've got at this point in time,
7 and probably for the next few years. So how can we work
8 smarter?

9 So our staff is undergoing a lot of strategic,
10 you know, let's look at the new road map that we're
11 going to create. Many of us have been experimenting and
12 I think we're very positive and looking at the regional
13 aspect.

14 I know some of you, Mike, Danny, you've been
15 talking about what is the viability of going statewide?
16 Do we water down the resources that we already have?
17 But are there other options that we can take?

18 Partnerships might be something, an aspect that
19 we're looking at. We had the JTR, the jobs through
20 retraining program that was not brought up today but was
21 a very good positive partnership with U.S. EPA.

22 If opportunities come up for us to partner with
23 another entity, whether it be a state or federal level,
24 that might be another way to leverage our technical
25 resources and to offer something to other businesses

1 that are outside the zone.

2 For the next two or three years we're going to
3 be going through the zone renewal process. Currently
4 our regulations do not offer us a way to undesignate,
5 dedesignate a zone. I think there are all levels of
6 activity that a zone goes through.

7 Danny, I know you've asked, you know, "Who are
8 the inactive zones?" From staff's perspective I don't
9 believe we have, we have different levels of activity.
10 I don't think there's any one zone that is, has always
11 been inactive.

12 There are zones that may, that always come to
13 trainings, and they are very active in the CARMDZ.

14 There are other zone administrators, that for
15 traveling reasons or whatever are not able to come to
16 meetings like this, but they do use the services. Our
17 own staff has gone out there and they are aware of who
18 these people are.

19 But I think there's just, we are going to be
20 looking at ways we can work smarter just within our
21 internal and using external resources as well as working
22 collaboratively with the CARMDZ.

23 So I think they've come up with good ideas, and
24 I know that this afternoon our staff is going back and
25 doing additional strategic planning on how can we work

1 smarter. Because we know that you've been looking at,
2 you know, how can we extend the resources we have? But
3 we don't want to water them down either, so that we
4 don't offer as much to our current forty zones.

5 Thank you.

6 MR LAUTZE: I just remembered my point. As I
7 looked back at my outline, the quick thing is that if we
8 do cull out zones or redeploy resources, finding
9 clusters of recycling, doing a survey and finding
10 clusters of recycling based manufacturers in the state
11 who are not in a, zone and then approaching and creating
12 a zone there.

13 And that may be unwieldy, but looking around
14 for other companies who aren't now in zones that, where
15 are they and should they be a zone? I mean it's a
16 different idea.

17 COMMITTEE MEMBER EATON: Perhaps it might be
18 informative to really describe what powers and authority
19 the zone has. And I'm being somewhat facetious because
20 that has been a debate that's going to come before the
21 Board is redesignation, and I think the staff and the
22 zone administrators have done a really good job of
23 trying to reach some sort of accommodation.

24 In many cases they have to pass a resolution
25 for each of those cities or public jurisdictions within

1 a particular area in order to get redesignation, but
2 it's not like an enterprise zone. They have no ability
3 to offer tax credits, they have none of this so, I mean
4 just what is a zone? I mean what benefits do you get?

5 I mean, you know, if any, I mean, you know,
6 these zones were created by legislation, but I mean we
7 hear, a lot of us, I mean I at first thought it was like
8 an enterprise zone, we had the power to X, Y, and Z, I
9 mean there really isn't anything, it's just kind of like
10 a designation.

11 MS. PARK: I'd like to respond to that. Bobbi
12 Park, Placer County.

13 As the economic development specialist for
14 Placer County, I was given the zone administrator
15 designation in conjunction with my other primary duties.
16 So, and going back to the original, and I credit my
17 predecessor with being, going through the application
18 process to be designated as a zone.

19 All of the incorporated cities within Placer
20 County, Placer County itself, as well as the material
21 recovery, the MRF, the material recovery landfill signed
22 an MOU or resolution supporting that the entire Placer
23 County be designated as a zone. So you don't walk
24 around the corner and be in another community and want a
25 site there and not have access to that. So there was a

1 collaborative cooperative working relationship from the
2 beginning, and it's made it very easy to market the
3 entire county.

4 And having said that, I have my counterparts in
5 the cities that are my outreach to the businesses in
6 their cities. Through the Office of Economic
7 Development we can help businesses, we can forward 'em
8 to the Small Business Development Center to create a
9 business plan if they're not sure how to do that, to
10 work with the California Manufacturers Association, the
11 California, the CACT, again the acronym, I'm not very
12 good with acronyms.

13 There's partnerships out there, and there's
14 ways to leverage, and we've been able to do that. We've
15 even worked with the ETP, employment training panel to
16 provide training for employees for businesses in Placer
17 County, and at no charge to the employer. And we've
18 been, that's been very successful and we've created
19 quite a few jobs with that.

20 Looking at the bigger picture, and I guess
21 going back to the answer, what power does the zone have?
22 It depends on your collaborative, your collaboration
23 between your counterparts, and that's something that
24 maybe needs to be looked at with expanding the zones.
25 And in John's case, the community that's not there, make

1 that, bring 'em in and get 'em to buy in on one
2 community.

3 MR. DREW: Other than the -- Kevin Drew from
4 San Francisco.

5 Other than the loans, that's the primary thing,
6 and beyond that what you've developed is a huge network
7 of individuals, some of whom are here and others that
8 are still out there in their zones, and then the folks
9 here within Sacramento and kind of the state apparatus
10 that provide all these resources that are not, they're
11 not powers, they're just resources that are used.

12 And in San Francisco's case, I mean we're
13 really sort of a lame zone, we've never done a loan,
14 it's very hard to locate industry in San Francisco, I
15 mean everybody knows that.

16 But our role, I see, I come down on the side of
17 regional. There's a real a lot to be gained by the
18 collaboration actually, and I think we had one case
19 study that, the mattress place, where our existing grant
20 program that our solid waste management program has was
21 coupled with Alameda County's, both their grant and
22 their revolving loan fund and the RMDZ.

23 So you can see all those different kind's of
24 local collaborations, and then you throw in the federal,
25 whether it's EPA or other state agencies, clearly the

1 collaborative approach is where we can, you know, work
2 smarter and get more bang for our buck.

3 So I guess I'm, I would have been, it would
4 have been sad if San Francisco had lost their
5 designation because they hadn't done any loans, but I
6 think there's a role that we can play more as a
7 facilitator, as a cheerleader.

8 In point of fact, San Francisco is where the
9 stuff is going to get sold, you know, through a
10 marketplace, which is a different part, it's not
11 specifically in the RMDZ program, I don't think we can
12 do a loan for somebody to do the sales, but the sales
13 have to be done.

14 So I guess I just come down on the regional
15 side. And for us to think about how, in our
16 reauthorization of this program we can encourage those
17 kinds of collaborations.

18 Again I don't know if you put money in to make
19 it happen, or you get a task force together representing
20 some of those different collaborative partners and pull
21 them into an advisory capacity or a, you know, some
22 other more formal role in the future of this program.

23 COMMITTEE MEMBER EATON: And I think that that
24 was my point exactly is that we -- and I'm sorry -- is
25 that we have the structure and we have, you know, and

1 we, and by we I mean collectively the Board members, the
2 staff, and we had to think about what tools we can
3 provide.

4 I mean we're talking about marketing at the
5 end, and I think Chairman Jones made a very pertinent
6 point at the beginning that basically if you don't have
7 these markets, you know, most people think that it's all
8 collection and you recycle, well that's not the case.

9 I mean I'm more on the markets, and I think
10 it's the pull from the markets that's going to actually
11 increase the recycling as we get there to a large
12 extent, because even though Mr. Jones is into collection
13 he's come a long ways because he knows that all it is is
14 we're creating landfills aboveground as opposed to --
15 right? I mean with storage, that's what you told me
16 when I first came here.

17 COMMITTEE CHAIR JONES: That's right.

18 COMMITTEE MEMBER EATON: That, as we think
19 collectively as we go through in the legislation is what
20 tools can we give a zone?

21 I know loans, you haven't made a loan but, you
22 know, if we maybe provided some other tools to your
23 locale. And I think that's really the larger question
24 which we probably can't answer today but that we should
25 think about as we go through and look at this.

1 Because that will provide all of us, as many of
2 you have mentioned to me, you're foot soldiers, but when
3 they ask you, "Well what can you do for me?" All you
4 can tell them is, "Maybe we can get you a loan."

5 And that's sort of a real strange point for me
6 to think if I had to go out and try to sell something,
7 or sell a particular program, and all I had to offer
8 was, "Well you can borrow money maybe cheaply," but then
9 to go through it, and those are things that I think were
10 really driven home through my interaction over the last
11 seven months.

12 MR. PINTAR: I am Dassi Pintar, Board staff.
13 And thank you for that perfect segueway for me to make a
14 pitch for the program that I'm particularly involved
15 with, the economic gardening program.

16 I'm the project manager for that, and I think
17 that what it offers is it offers, it offers something
18 tangible above and beyond the loans that we can offer
19 businesses that they want and they need. And we're
20 giving them customized technical information to help
21 them market their products, expand their markets, look
22 for new materials, whatever it may be, we're getting in
23 there, getting down on their level and finding
24 information that they would not otherwise have the
25 resources to find to help them to grow.

1 And I think that it's a real, a real asset to
2 the RMDZ program, and I'm hoping that there will be
3 funding to continue it when the pilot project ends
4 because the results are looking very positive.

5 And it's tangible. When you to go a business
6 and they don't qualify for a loan but you say, "Well,
7 yeah, but let's look at the kinds of customers you have,
8 let's do an analysis using all kinds of databases, and
9 determine where other similar companies may be located
10 that you could approach to sell your products to." And
11 they just get very excited, very enthused and, you know,
12 they're amazed that we can provide this to them. And I
13 just think it's a wonderful asset to the program.

14 MR. DAVIS: Mr. Eaton, I -- John Davis.

15 I agree. I mean I think some of us have
16 questioned in the CEQA review whether it's really not an
17 exempt program. I think early on a lot of us felt that
18 way, but we do the review as we're required to, but we
19 look at what can we do, and we don't really see very
20 much.

21 I've done, I've prepared redevelopment plans,
22 I've written and managed enterprise zones. They're
23 totally different from this program. And it really is,
24 you know, pulling together resources and trying to
25 direct them somewhere, and I think it probably is good

1 ten years down the line to think about, okay, we've done
2 that, now what could we do to really expand the
3 effectiveness of the program. So I'm really intrigued
4 with that idea.

5 COMMITTEE CHAIR JONES: We've got a couple of
6 members that I know have to leave pretty quick. I'm
7 going to offer them both an opportunity to, if they have
8 any other comments they want to make, because I think
9 they both have to leave.

10 You don't have any?

11 COMMITTEE MEMBER EATON: No. I would just, I
12 would just, the only final point, and I leave it up to
13 you, but one of the issues that I think that would be
14 helpful to look at is while we are in this process of
15 trying to figure out what tools are available, you know,
16 there are, the Waste Board does have many, many other
17 grant programs that might be advantageous to some of
18 your individuals.

19 And I don't want to get into a debate between
20 Board members, because we've had it, but Mr. Paparian
21 has been very active, and I think rightly so, in
22 research and development types of grants with tires, and
23 I don't want to go there.

24 But there's a program if you were creative you
25 could go there and come to the Board if there were

1 someone, and I know it's not probably the feedstock
2 they're looking at, but we have tried to do some of
3 that.

4 So there are programs available at the Board
5 that we may be able to fit some of your companies into
6 if they were doing that kind of work. And we haven't
7 quite settled on what the ground rules are going to be
8 in some of those grant programs, but we're struggling to
9 do that.

10 But I think that's kind of where you're looking
11 at to be a little more innovative in things, and maybe
12 it wouldn't really fit within some of these, but we do
13 have these other programs.

14 So our staff should really work with zone
15 administrators and say maybe there is something that's
16 kind of unique that can fit into one of these other
17 programs. Because in some cases we are undersubscribed
18 in some of those programs, and in other cases we're
19 oversubscribed. It may mean they're competitive to a
20 large degree, so that becomes problematic, I think, for
21 some of the smaller entrepreneurs or inventors, but I
22 think that we, as the Board, can look at what resources
23 are available to us.

24 And I'll leave it to you, Mr. Jones.

25 COMMITTEE CHAIR JONES: Thanks, Mr. Eaton.

1 Go ahead, Steve.

2 MR LAUTZE: Just a quick capping response to
3 Mr. Eaton about what jurisdictions get out of such a
4 designation.

5 I'm going to suggest that something that the
6 Waste Board gets out of the RMDZ's being designated and
7 that we, the ZA's who are sophisticated recyclers or
8 economic development people get, because we understand
9 recycling market development, we get a seat at the table
10 locally. We get to try to create political will for
11 recycling market development because we are an RMDZ.

12 In my case, in the economic development PR that
13 lists all the programs of the cities of Oakland and
14 Berkeley, the RMDZ is there, so it's on the map.

15 I'm at the meetings when we're talking about
16 industrial policy in Oakland because the RMDZ exists,
17 and that's why my position exists.

18 And the final political twist on Kevin Drew,
19 you know, as we approach legislative reauthorization,
20 Kevin may not have done a loan, but when it comes time
21 to approach the legislature, we're going to have access
22 to the San Francisco delegation, which is very important
23 in the legislature. So there are some sophisticated
24 things about designation that fill the message.

25 COMMITTEE CHAIR JONES: I think that, you know,

1 when you're looking at all these programs because, you
2 know, one of the first caveats that you gave, Steve,
3 today was that RMDZ zone administrators are made up of
4 either people out of the recycling side or out of the
5 economic development side, and there's a learning curve.

6 I think if we're going to look at programs,
7 whether it's regional or whatever, and I have no problem
8 with regional, I personally think if there's inactive
9 zones we ought to do away with it to minimize the
10 efforts of our staff, and maybe, you know, authorize
11 some other zones or find some other regions that we can
12 deal with that can better use those dollars and those
13 efforts, my own personal point of view.

14 But while there's a learning curve for, you
15 know, between recyclers and market, I mean, and economic
16 development folks, I think one of the key things is that
17 we've got to start looking at this thing, if you're
18 working in a region and working in a zone no matter, you
19 know, what side of the office you come from, to
20 understand what's really going on in a jurisdiction.

21 I mean I, I'm not going to tell you where or
22 when, but I sat in a meeting one time where they were
23 trying to develop some ideas to move ahead. And I was
24 lucky enough to understand the premise of how they set
25 up their solid waste system.

1 And all the ideas that were coming forward were
2 ideas that would have dismantled that solid waste
3 program. But nobody in the room knew it. They didn't
4 understand it. They didn't understand it, and it wasn't
5 their fault that they didn't understand it.

6 And all it took was just saying, "No, you don't
7 need other people to do this, you need people to do
8 this." And then you get 'em focused.

9 We've got to start really making an effort of
10 focusing on what regional messages need to be, you know,
11 I mean based on whatever that region's set of
12 circumstances are, where can they better attract, you
13 know, folks that can do this.

14 I've got, I was really impressed with L.A., I
15 was impressed with both of our entrepreneurs that gave
16 presentations, but L.A. Fibers, you're, that's a great
17 story.

18 I've got to give a, I have, I get to be part of
19 a discussion down at SWANA in Long Beach with the
20 Department of Defense, so it's going to be recyclers and
21 procurement officers from every branch of the service.

22 I'm wondering if, and not just L.A. Fibers,
23 other companies or those companies that you know about,
24 that have to rely on a certain type of feedstock,
25 preferably clean feedstock, and then make a product that

1 can go back into those same utilities and those same
2 facilities to work out, you know, the kinds of things
3 that our friend here from L.A. Fibers talked about with
4 the carpet manufacturers where he's taking in the
5 pullups and then turning around and offering them new
6 products.

7 We ought to be thinking about how do we make
8 those kinds of proposals? How do we get people that are
9 in the marketplace to understand that.

10 You know, the federal government is
11 decommissioning bases all over the United States, and
12 they're giving 'em to cities or states. And then the
13 states are faced with these huge environmental
14 nightmares because of a base that was painted with lead
15 based paint, you know, 60 years ago. But that, by that
16 very process has created a huge, you know, problem for
17 that base.

18 How do we start, you know, focusing on finding
19 these opportunities out there and then finding
20 entrepreneurs that cannot only deal with it from a, the
21 side of a source of either feedstock or be able to
22 provide a service, but being able to come back and look
23 at a, be able to come back with a new product?

24 You know, I'm going to use L.A. Fibers as an
25 example at that DOD meeting. So maybe you're going to

1 get a phone call.

2 But Corky, if you know of any others that have
3 that same kind of situation, let me know. Because the
4 federal government is buying stuff all the time but
5 they're also ripping stuff up. They need to know about
6 these kinds of opportunities, you only know what you
7 know. I mean if we, if we haven't learned anything in
8 this ten year exercise which I think has been awfully
9 successful, it's that we've got to start figuring out
10 how to get more of the message out, not just about
11 loans, but about opportunities.

12 And I'm not sure that we as a Board always
13 focus on that. I think we do it in a, in a, maybe a
14 site specific type thing where we use it as anecdotal,
15 but I'm not. Sure, and maybe we are, and I'm not
16 slamming the staff, but I'm not sure that we ever come
17 up with a real concise method for identifying a problem,
18 and then talking about what some potential solutions
19 might be, you know.

20 But it would seem to me that the RMDZ loan
21 program would be a perfect avenue, that that really gets
22 put out there, you know, that we use that as source.

23 Go ahead.

24 MR LAUTZE: So I would say it's happening a
25 little bit and it needs to happen more, and it links

1 with that grand vision that I was talking about is
2 taking the RMDZ message and mantra out of being a
3 program in the Waste Board and making it state policy,
4 university policy, Caltrans policy, what have you, and
5 set up these tolling arrangements that you're talking
6 about where you generate material and you turn it into
7 products that we use again.

8 So AB 75 is out there flopping around trying to
9 work so, you know it's out there. We have to take it
10 out of this 939 framework to industrial framework and
11 then to the whole government, and there's work to do.

12 MS. HART: And we've been doing that --

13 COMMITTEE CHAIR JONES: Tell her who you are.

14 MS. HART: Oh, Maureen Hart, North Coast.

15 COMMITTEE CHAIR JONES: I can talk to her like
16 that, she and I used to work together.

17 MS. HART: The old days. The days when
18 recycling was really --

19 COMMITTEE CHAIR JONES: The foundation for the
20 company you worked for.

21 MS. PARK: The foundation, that's right.

22 COMMITTEE CHAIR JONES: Damn right.

23 COMMITTEE MEMBER PAPARIAN: Get all that?

24 MS. PARK: Yes. The association, the CARMDZ is
25 doing a statewide survey right now to find out the

1 marketing ideas, to find out what types of programs the
2 businesses need and the zone administrators need.

3 And that information will be made available at
4 the next ZoneWorks, so that's a plug for all the members
5 to attend.

6 And I'll ask the Board at that time if they
7 want to turn over all the information from the surveys
8 so that you can see what everyone is saying.

9 We're using it as the base for our strategic
10 plan, going out, talking to all the stakeholders, what
11 do they need? What can we do? How can we get the
12 message out? I think that will be a good foundation for
13 our next step.

14 Thank you.

15 COMMITTEE CHAIR JONES: Thank you, Maureen. Is
16 our staff working with, I mean are you guys, is this a,
17 is this your association working in a silo, or are you
18 guys working with our staff on this project?

19 MR LAUTZE: Sometimes we're in a silo, but we
20 come out often and talk with the staff.

21 COMMITTEE CHAIR JONES: Okay.

22 MR. LAUTZE: We're trying to work out our,
23 we're doing the first systematic inventory in a long
24 time of what the ZA's think will move the programs
25 forward as we face renewal, as we have legislative

1 reauthorizations, and certainly in the context we're
2 going to talk about it in one of these trainings, it's
3 an open membrane to talk to the Board and staff. So --

4 COMMITTEE CHAIR JONES: So you are working in a
5 silo?

6 MR LAUTZE: So I guess, yes, we're working
7 together.

8 MS. PARK: I'd just like to add one item that's
9 going -- again Bobbi Park with Placer County.

10 There's a project in North Lake Tahoe, it's
11 called Northstar at Tahoe, and they are in the process
12 of a ten year project, three billion dollar expansion.

13 And they've hired an environmental design
14 engineer. Their project manager has just been LEED
15 certified, and that is the Leadership in Energy and
16 Environmental Design, because the expansion the
17 developers want to be environmentally friendly.

18 They didn't know about the RMDZ program until I
19 spoke with them, and they're very much interested in
20 knowing more about that because they will use recycled
21 content material in their expansion.

22 And they're also concerned with the impact to
23 the eastern regional landfill on Highway 89. And so
24 we're working with the landfill to see how we can place
25 the least impact on the landfill.

1 So it's, the word's getting out there.

2 COMMITTEE CHAIR JONES: Cool.

3 MR. DAVIS: You mentioned military bases, and I
4 recall the story that will bring a broader picture to
5 it.

6 But about a year ago I got a call from somebody
7 who is taking carports, removing metal carports from
8 some base housing that was built in the early fifties.
9 And they've been told that they need to do an asbestos
10 test on the house because where it was connected they
11 had to be able to certify they weren't releasing
12 asbestos because of the age and the type of construction
13 of the housing.

14 So they did that. And then they were told,
15 "No, you have to do that for each of the 180 carports."
16 And it was a \$200 test, and metal carports from the
17 fifties didn't have that much value, and so they, but
18 they ended up with me as the zone administrator saying,
19 "Can you help us here? Because we got a user for these
20 carports."

21 So I called the air district people and I said,
22 "Is this really, you need this done 200 times on the
23 same type of houses or 180 times, or can you do it
24 once?"

25 And I made some calls and finally got to

1 somebody who could make the decision. And he said,
2 "That's crazy, we need it one time." We got it back and
3 so within about 45 minutes, you know, we made that thing
4 happen. If I hadn't been there I don't know who they
5 would have called.

6 COMMITTEE CHAIR JONES: Right.

7 MR. DAVIS: And they would have ended up
8 probably, likely, hopefully they would have ended up
9 getting crushed, they probably would have sat there
10 until they rusted away.

11 And, but what I wanted to really say is that,
12 in echoing what Steve said earlier about the broader
13 picture, I think there's a time coming in Oakland soon
14 when, you know, statewide everybody has been dealing
15 with this, all your colleagues in Cal EPA deal with
16 sustainability issues, the cities are having to deal
17 with it, you know, just, you know, limits become more
18 and more apparent. JPL said last week we may be in the
19 midst of an eight year drought in Southern California,
20 you know, perfect.

21 So, but the opportunity is there to try to do
22 something. And I know that's what I'm really intrigued
23 with is how we can pull together some of the information
24 and the knowledge that we have and get in the room with
25 other people who are doing the same thing and being

1 articulated direction.

2 And if we can do anything, that would really
3 stick. And I think there's a real opportunity there,
4 but I don't know how we do it.

5 MR. LAUTZE: Do you want to wrap up or get
6 close here?

7 COMMITTEE CHAIR JONES: Yes, sir.

8 MR. LAUTZE: All right.

9 MR. DREW: We can go all day on this stuff.
10 But sort of what John was just saying and actually what
11 I heard you say just a few minutes ago, Steve, is what
12 you're saying at the local level, when you were at that
13 meeting you were able to help them not completely
14 dissemble their solid waste system is that the
15 experience that we have here in this room, and
16 particularly you, is experience that we really need to
17 share as the state goes through with the development of
18 a sustainable industrial policy for the state.

19 I mean they're going to, we've got things
20 pulling us one, we've got EJ pulling us one way, we've
21 got 939 pulling us another way. We've had the most
22 experience, it seems to me, in the state, and maybe in
23 the country at trying to put those things together. And
24 if we can, we need to be thinking about ourselves and
25 this program as bringing that to the rest of the state.

1 I mean as Steve was saying, going outside the Waste
2 Board.

3 But we really are in a unique position to do
4 just what you said, not just at a local level but really
5 at a statewide level, and as Bobbi points out, the green
6 building movement is really coming along strong, and
7 it's forcing people to think about it in a good way.

8 But a lot of times even there the waste
9 management portion is still sort of the poor stepchild
10 of the green building, I mean I have to say. It's not
11 the sexy part, but it is the part that brings it all
12 together. And we do have an opportunity to do that.

13 It's a lot of work. And I think we go to the
14 silo but we work with the staff, and we really need a,
15 we could use more time at this, I hate to say it, but I
16 mean --

17 COMMITTEE CHAIR JONES: I think you're right.

18 MR. DREW: We all have a lot to do, if we
19 really get ourselves together to take this time, and we
20 appreciate your giving us this opportunity. And Steve
21 really had led us through this process internally, but
22 we can do it a lot more, and I think there's some
23 valuable stuff we can share.

24 COMMITTEE CHAIR JONES: I do too. I do too.

25 Just remember, on this building Dan Eaton

1 fought like heck with Ralph Chandler to make this as
2 green as we could after it was designed, as well as our
3 Waste Board staff. But everytime you take a step on
4 that carpeting, that's all recycled. And we had to
5 fight like heck, even to the point that we paid for it,
6 or the citizens paid for it, but I mean it was our
7 allocation and dollars.

8 MR. DREW: Right.

9 COMMITTEE CHAIR JONES: The members, I know you
10 could just tell by the interaction at the break, were
11 really impressed and really understood more than, I
12 think it was very enlightening.

13 I think we do need to have more of these
14 discussions. I get a little tired of, and I wasn't
15 tired at all today, Lautze, you did a good job.

16 But, you know, we've got to, or you've got to
17 hopefully work with our staff when you're looking at
18 these surveys, because we've got a strategic plan at
19 this Board that governs what we do. To have RMDZ not be
20 part of that strategic plan, or have a plan that is
21 different than what this Board is going to aim for
22 probably doesn't do either one of us any good.

23 And I know that's not going to be the case, but
24 I'm just saying the more interaction there is the better
25 off it is, because you guys work hard, you're dedicated

1 at what you do, our staff works hard, they're dedicated,
2 they fight like heck for you guys, and for the ultimate
3 end user of the loans.

4 So even though you gotta put up with guys like
5 me that are going to disagree with you sometimes, maybe
6 take you down a different direction, you know, it's, or
7 any of the Board members, you know, we're doing this to
8 try to keep this thing alive.

9 So anyway, congratulations to all of you. This
10 was a very, very good workshop. This was not a waste of
11 time, this was valuable stuff.

12 And I think with that we're going to call this
13 to an end.

14 Thank you all.

15 (APPLAUSE.)

16 (Thereupon the foregoing was concluded
17 at 12:00 noon.)

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1 CERTIFICATE OF CERTIFIED SHORTHAND REPORTER

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3 I, DORIS M. BAILEY, a Certified Shorthand
4 Reporter and Registered Professional Reporter, in and
5 for the State of California, do hereby certify that I am
6 a disinterested person herein; that I reported the
7 foregoing proceedings in shorthand writing; and
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9 by computer.

10 I further certify that I am not of counsel or
11 attorney for any of the parties to said proceedings, nor
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14 IN WITNESS WHEREOF, I have hereunto set my hand
15 as a Certified Shorthand Reporter and Registered
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